Saturday Night

Canada's Magazine of Business and Contemporary Affairs

APRIL 12TH 1958 20 CENTS

Commonsense Could Rescue A World Hell-Bent For Suicide

BY CYRUS EATON

★

How Many People Are Really Out Of Work?

BY JOHN D. PATTISON

★

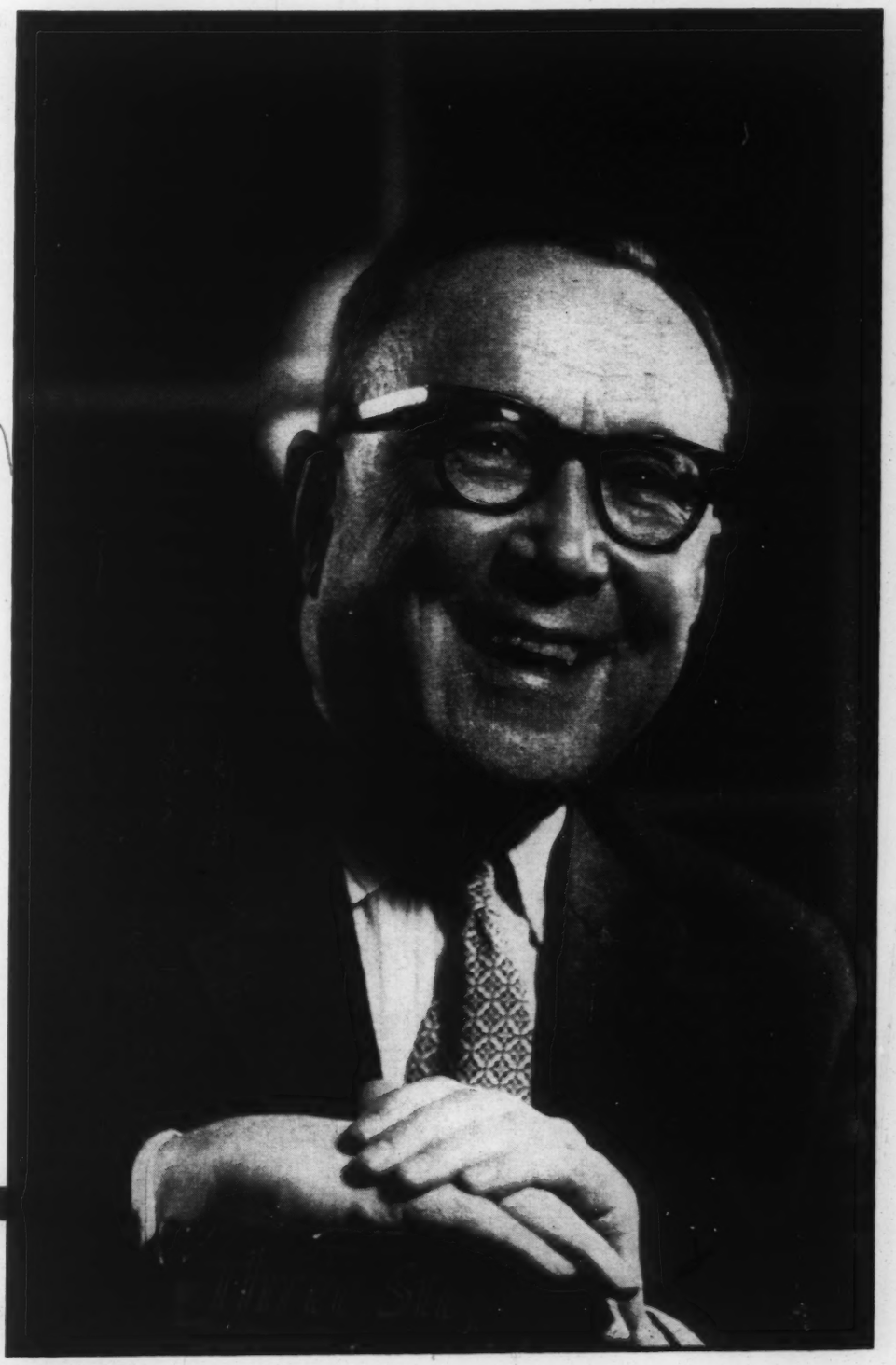
Our Moonstruck U.S. Neighbors

BY ANTHONY WEST

★

How Sales Promotion Brings In Hard Cash

BY TOM H. PROCTOR



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British Brains in Exile: Radar's Watson-Watt: Page 16

LURE THE VAGRANT EYE

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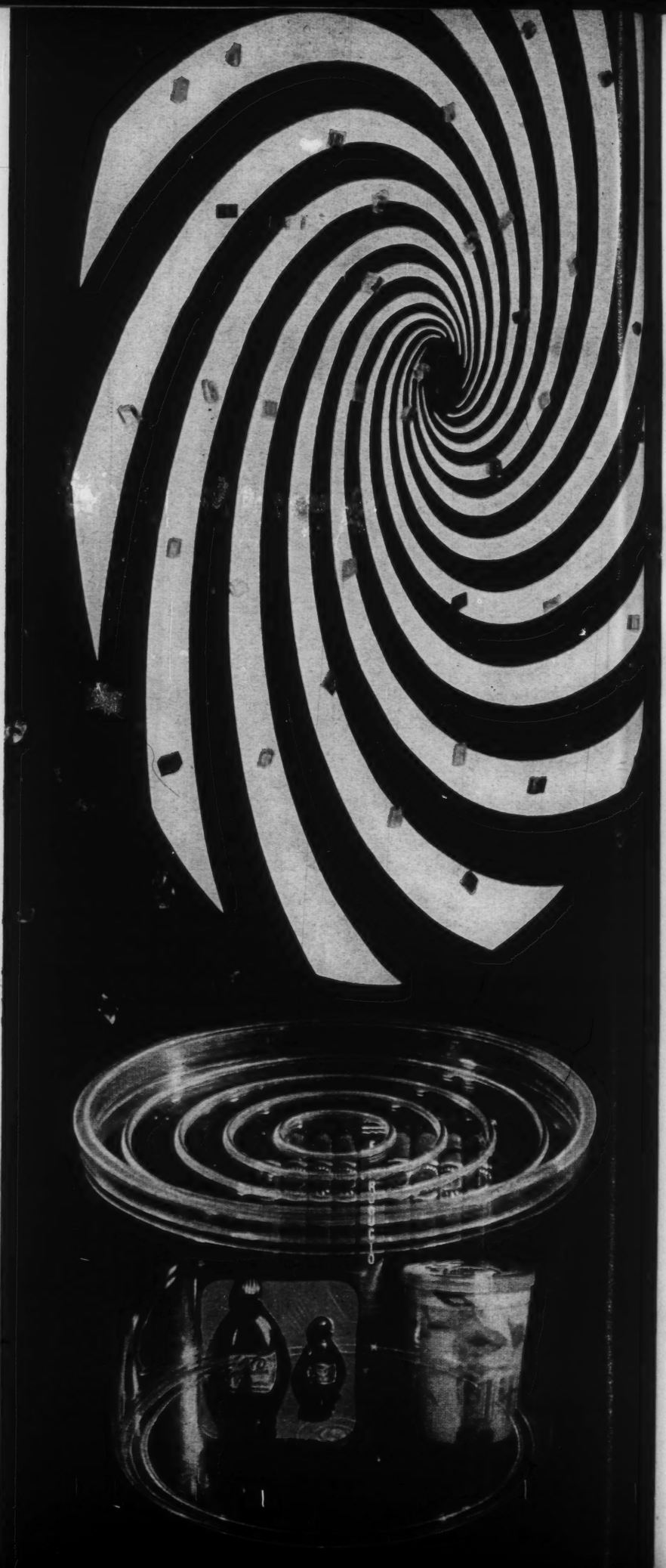

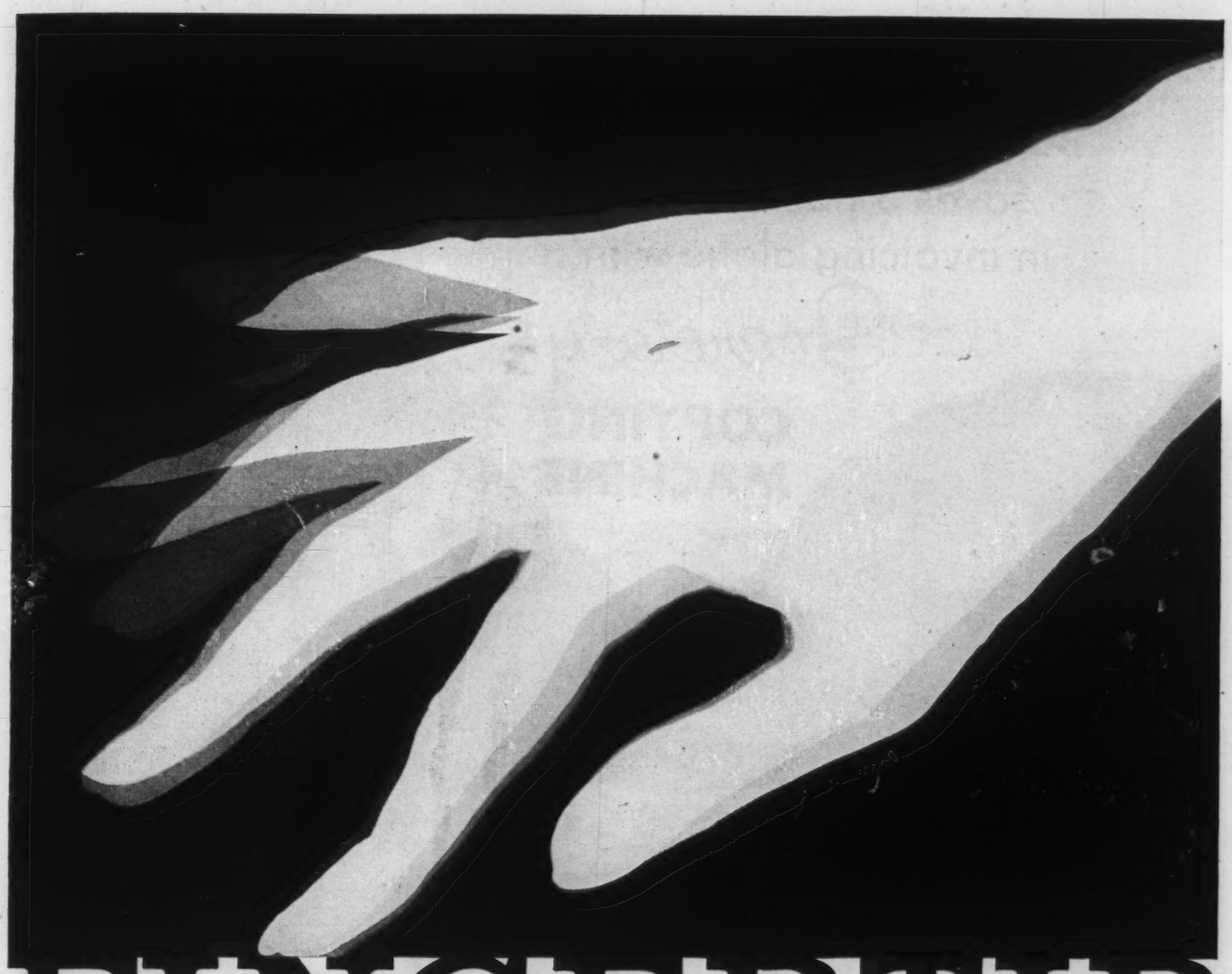

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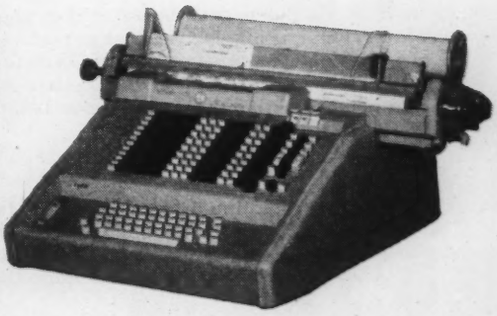

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April 12, 1958

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VOL. 73, NO. 8 ESTABLISHED 1887 WHOLE NO. 3311

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Subscription Prices: Canada $4.00 one year; $6.00 two years; $8.00 three years; $10.00 four years. Commonwealth countries and U.S.A. $5.00 per year; all others $6.00. Newsstand and single issues 20¢. Authorized as second class mail, Post Office Department, Ottawa, Published and printed by Consolidated Press Limited, 1517 Mountain St., Montreal, Canada. Editorial and Advertising Offices, 73 Richmond St. W., Toronto 1, Canada.

Chairman of the Board, Nelson A. Hyland; President and Publisher, Jack Kent Cooke; Vice-Presidents, Hal E. Cooke, Neil M. Watt, E. R. Milling; General Manager, Gordon Rumgay; Assistant Comptroller, George Colvin; Secretary, William Zimmerman, Q.C.; Circulation Manager, Arthur Phillips.

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PICTURE CREDITS: Cover, Ashley & Crippen; Page 6, Capital Press; Page 9, Geoffrey Frazer; Pages 10, 11, Wide World; Pages 12, 13, International News Service, Wide World; Pages 14, 15, Capital Press, Press News Ltd.; Pages 16, 17, Gilbert A. Milne, Miller Services, Planet News Ltd; Pages 18, 19, "All Year Club of Southern California"; Page 20, Alan Mercer; Page 28, Little Brown; Page 30, McClelland & Stewart; Page 36, NBC, CBS; Page 37, NBC; Page 38, RCA Victor, Epic; Page 39, Mercury; Page 45, Svarre-Cantlon Photographers

Cyrus Eaton

Cyrus Eaton, Nova Scotia-born American industrialist, famous for his iron ore developments at Steep Rock, and more recently in Ungava, says the time has come to make a deal with Russia. In his article on Page 10, Mr. Eaton says Western hostility to Communist peace overtures can lead only to bankruptcy and suicide. Mr. Eaton, whose informal international conferences at his Pugwash, N.S. summer home have attracted world-wide attention, has become increasingly outspoken in recent months about the necessity of an East-West compromise.

Anthony West

Anthony West, SATURDAY NIGHT's New York contributing editor, after an absence on a world tour, reports, on Page 12 of this issue, about a peculiar affliction — moondoggling — which has seized American political and military brass. Nonsensical talk about the moon and space, says Mr. West, has given a kind of "wild beauty" to public oratory. Mr. West is literary critic of the *New Yorker*, author of several books, and a former radio news editor.

Tom H. Proctor

Tom H. Proctor whose article on sales promotion appears on Page 20 is founder and former president of the Canadian Sales Promotion Executives Association. He was until recently General Sales Promotion Manager of G. H. Woods & Co., and has wide experience in many fields of manufacturing.

You can't get a drop in Djakarta

Sales are terrible in Zanzibar

Not a case has been shipped to Glocamora

Our Export Trade is a profound disappointment to us. And we can't blame The Bank Rate, Tariff Quotas, or the Situation in South East Asia.

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*GVDA
Golden Velvet Distribution Area. Just about all of Canada now but there are a few drought areas here and there.

Letters

Not on the Nose

For the record I would like to point out that inadvertently your heading on the Gallup Poll story in the March 15th issue gave a wrong impression.

No "Pollster" would ever claim to call an election "right on the nose" and nowhere through the article is this assumption made. At the best we can only interview up until about a week before the election. Moreover since its inception, the Gallup Poll, in line with all researchers, allows for a margin of error of 4% on the type of sample design used. It is important that this be made clear.

It should also be clarified that the Canadian Institute of Public Opinion as a separate entity, is a client of Gruneau Research Limited for interviewing and tabulating but is not affiliated with this Company.

BYRNE HOPE SANDERS,
Co-Director.
CANADIAN INSTITUTE OF PUBLIC OPINION
TORONTO

Prairie Jewel

Ross Willmot's article, "Our Shabby Airports" is overdue. Not many people will disagree with his observations. Less than three years ago a traveller crossing our country experienced the conditions he describes and these conditions became progressively worse from city to city.

The City of Calgary decided to do something about this state of affairs, and the result is a "jewel on the prairie", as the terminal has been described: all for less than a million dollars. With Calgary being the "Gateway to the Rockies", and negotiations under way for two U.S. airlines to come in here, our visitors from the south will not be disgraced.

CALGARY JOHN C. CLAYTON

Seeds of War

I was disappointed to find an editorial like "The Big Whitewash" in your magazine which I favor for its objectivity and general high standard.

The writer of that editorial displays a complete lack of understanding and misses the issue by a hundred per cent. The vital point of the problem is not so much the hurt feelings of German and Japanese immigrants, but the fresh hatred and misunderstanding that is planted in the minds of a great deal of the people seeing these old war films on TV. Not very long ago, a friend and I saw a typical example of an old American war film in a Paris side street cinema. The reaction of the audience was such that we were very careful not to speak German when we left the theatre with the crowd.

In this discussion, the stress is on the word *old* war film. Nobody can take objection to the more recent war films like *Dambusters, Battle of the River Plate, Ill Met by Moonlight, The Man Who Never Was* and others which bring history to the screen in a very objective and tolerant manner. These films speak no vague words, but hard clear ones, and, most important, true ones . . .

Finally, I cannot at all agree to your statement "If war comes again it will be the flowering of seeds planted during 1939-45." To think of a war between the members of NATO would be absurd; the only threat of war comes from the East, and a show-down between Communism, striving for world domination, and the free Western World has been inevitable ever since the birth of Communism, World War II or no World War II.

EDMONTON GERD BEHRENS

Over-Exposure

If your correspondent Mrs. M. MacDuff was upset by the cover picture of Miss Joyce Sullivan, she must have been even more disturbed by some of the feminine portraits in the recent exhibition of Eighteenth Century art. Were Gainsboro, Lawrence, Reynolds, et al, "joining the ranks of the tabloids and paper-backs" when they went in for those shocking over-exposures of sweet old-fashioned ladies?

OAKVILLE MARION WILLARD

Sensitive Plant

Like most Canadians, I feel that Canadian patriotism benefits very little from such articles as Hugh Garner's in your last issue.

Patriotism after all is a slow growth whose roots, as author Garner points out, lie in "irrational affection". It certainly won't hasten its development if we are constantly pulling it up by the roots to see how it is coming along, and why it isn't doing better.

VICTORIA J. R. GREENSHIELDS

Defining Dirt

Apart from actual pornography that is apparent to anyone, obscenity can be many things to many people. In the field of entertainment what do they have in mind? Is it a night club stripper in a G-string, is it a chorus girl in a brief costume, is it a bare legged ballet dancer in the National Ballet, or one in tights? Who knows?

In pictorial art what is it? Is it a nude masterpiece in the National Gallery, is it a semi-nude model in a magazine, is it a bikini clad miss in a newspaper? What is it?

In the matter of books, is it "Peyton Place", is it some of the works of James Joyce, is it some of Shakespeare's racier works, or is it some of the more lurid passages of the Old Testament? We would like to know.

Since a definition of obscenity, as opposed to pornography, has baffled the minds of even such learned bodies as the U.S. Supreme Court and the Privy Council of England, would it not be better for the gentlemen of the cloth to let the public be its own judge in these matters? I am sure it will reject what it does not want.

WINDSOR — J. D. KENNEY

Do It Yourself

Your correspondent Margaret Sim points out that our chief lack in this country is not a national flag but a law declaring what flag may be flown. As it is "any piece of cloth may be hoisted as a flag".

This opens up new possibilities in the national flag impasse: let every Canadian who is interested devise his own flag and hang it out on national holidays. While such a display might make our streets look like wash-day in a depressed area, it might also stir someone up to do something about the situation.

We've been waiting for over a generation for the meteor flag of Canada. All we've got so far is the terrific burn.

VICTORIA — ELAINE MULLINS

A Poor Argument

Your editorial writer deplores the shortened skirt because of the knock-knees and bow-legs it is likely to expose. Surely if the current trend is to be criticised on aesthetic grounds there are more valid reasons for attack than this!

When women get themselves up in the shape of sacks, rain-barrels, beetles, melons and armadillos ("The season's new curved look in back") we should be grateful for that extra two inches of exposure. At least it identifies the current model as a member of the human race, female division.

OSHAWA — ROBERT ARNOLD

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say these two Torontonians pictured in Wales where this year, 1958, is Festival Year.

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COME TO BRITAIN

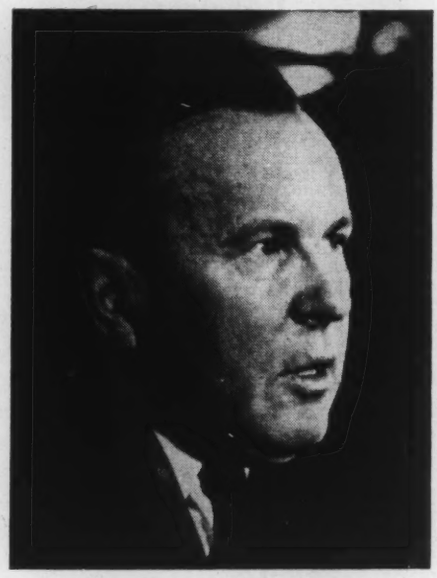
Ottawa Letter

by John A. Stevenson

A Political Revolution

PRIME MINISTER DIEFENBAKER for the description of his party's spectacular triumph on March 31, is entitled to borrow the phrase "a crowning mercy" which Oliver Cromwell used about his famous victory in the Battle of Worcester in 1651. Polls of public sentiment and other evidence had indicated that the Progressive-Conservative Party would acquire unquestioned control of the new House of Commons but not even the most optimistic Tories expected the monolithic majority, which has been piled up for them. Undoubtedly a very important factor in the tremendous political landslide which has occurred was a widespread feeling that in its first session of power the Diefenbaker Ministry had given an impression of bustling industrious activity and had passed a substantial volume of useful legislation and that, therefore, it deserved a further trial in office with a working majority. By contrast, the Liberals appeared to be a tired party, whose reforming initiative had been exhausted and could only be recovered by a spell of recuperation in the shades of Opposition and it was only in the latter stages of the contest that Mr. Pearson became an effective campaigner and was able to correct the notion that his concentration upon international affairs had left him with an unsure touch about the domestic problems in which the average voter was more concerned.

But these undercurrents of feeling might not have produced such an avalanche of votes for the Tory Party, if its leader, whose tireless energy during the campaign commanded the admiration of his opponents, had not been able to employ remarkable gifts as a political crusader for their stimulation into practical support for his cause. He also exploited with considerable success his flair for appealing to the emotions and imaginations of his audiences, many of whom were attracted by the prophetic visions of a greater Canada, which he persistently dangled before them. Then, apparently for the solution of his thorniest problem, the acquisition of adequate support from Quebec, he took a very effective line in appealing to the voters of that province to secure a more influential voice in the councils of his cabinet and his party, by sending him more parliamentary supporters at Ottawa. His candidates, who won 50 out of Quebec's 75 seats, certainly profited from the powerful assistance given to them by the well-oiled provincial machine of the Union Nationale Party, but it was the *élan* of victory which marked the Prime Minister's demeanor from the start of his campaign that convinced thousands of former Liberals in Quebec that it would be wise to jump upon the bandwagon of a potential conqueror. So the Prime Minister deserves a large share of personal credit for his party's amazing



Pearson: An unsure touch.

victory and history will record that he rendered a great service to his country by the political revolution which he accomplished in Quebec. The old equilibrium of Canadian politics, in which each of the two historic parties contained a balanced representation of our two basic racial stocks, was destroyed in 1917, when the unfortunate controversy over military conscription drove the great majority of the French-Canadians, naturally a Conservative folk, into the Liberal camp and its restoration is one of the most beneficial result of the election.

The great majority of the voters, unwilling to accept the arguments of the leaders of the CCF that only a planned economy could save Canada from recurring alternations of booms and depressions, had to base their decision about their ballots on their appraisal of the personalities of the two leading protagonists and their capacity to be efficient stewards of the nation's fortunes. In a contest of this nature Mr. Diefenbaker had manifest advantages.

Prior to his elevation to the leadership of the Progressive-Conservative party, he had never professed any firm allegiance to the principles of conservatism and had won his prestige in the West as an independent champion of radical causes. So he could claim acquittal from the charge that he was a Tory "diehard", intent upon the conservation of the established social and economical order and was able to employ his undoubted gifts as an expert in electioneering for emergence as a free-ranging political crusader, whose aspiration was to lead the Canadian people into a veritable Utopia of prosperity and happiness.

In the thirties of this century the German people, in a mood of bitter despair about their future, chose, to their ultimate sorrow, to find a political hero in and entrust their destinies to an expert rabble-rouser of sinister character called Adolf Hitler and in 1952 the American people, tired of the long reign of the Democrats in power, thought that they could find salvation for their troubles by giving an overwhelming mandate to a famous soldier called Dwight Eisenhower, who has proved to be a complete misfit in the White House. It would be unfair to suggest that Mr. Diefenbaker is a Canadian replica of Hitler and he has little in common with Eisenhower, but somehow or other he has managed, as Hitler and Eisenhower did in their respective countries, to impress a decisive majority of the Canadian people with the idea that he is a political Moses who will bring them into a Caanan flowing with milk and honey.

So we have had the amazing spectacle of multitudes of all grades of society flocking to touch the hem of his garment and according him an adoration such as never fell to the lot of either Sir John Macdonald or Sir Wilfrid Laurier. The plaudits of the crowds, which hailed him as their chosen champion inspired him with confidence and fanned the fires of his emotional appeals and it was only in the later stages of the campaign that Mr. Pearson, after he discarded a mode of speech more suited to the assembly of the UN than to the hustings for a homelier and more robust technique, was able to offer an effective challenge to the Prime Minister's tempestuous crusade and the change came too late to avail anything.

The great personal contribution which the Prime Minister made to his party's victory, ensures the confirmation in power, not of a Conservative Ministry of the traditional type but of a Diefenbaker Ministry, whose policies will largely be determined by its leader's ideas and inclina-

tions. Its support is based not solely upon the firm believers in conservative principles and policies as in earlier days, but upon a heterogeneous collection of elements, who hold a wide diversity of opinions and are imbued with divergent aspirations and the problem of holding the allegiance of all this variegated flock of supporters will tax the ingenuity of the Prime Minister. In the closing stages of the campaign the main ingredient of his appeal for support was an invitation to the voters to rally behind him for the realization of a great vision, the development of the vast treasure house of dormant natural resources in our northern subarctic hinterland. He even went so far as to visualize this region as such a busy hive of industrial activity that it would justify the creation of two new provinces.

Some contribution to the great Tory victory was made by the anti-American sentiment aroused by accumulating evidence—such as the bargain counter sales of grain and the ban on the export of Canadian cars to China—that there was scant concern at Washington for vital Canadian interests. Many voters felt that the time had come to take a firm stand against this harsh treatment of Canada by some retaliatory measures and the Progressive-Conservative party, which has promised to divert 15% of our import trade from the United States to Britain, seemed a better instrument for coping with American domination of our economy than the Liberals, who had constantly cultivated the good graces of the United States.

But one calamitous result of the election is that the unwieldy majority of the government, the largest in Canadian history, will give the country an even poorer parliament than that which functioned at the height of the long Liberal ascendency from 1940 onwards till 1957. The Liberal opposition will be not only numerically weak but feeble in debating power, because apart from Messrs. Pearson, Martin, Pickersgill, Chevrier and Lesage, it contains few parliamentarians of real competence and it has not a single spokesman at Ottawa from west of the Great Lakes. The decimation of the ranks of the C.C.F. leaves it in a similar plight, but it has fared rather better than the Social Credit party whose complete elimination from Ottawa will not be mourned except by its devotees. The House of Commons will also be greatly impoverished by the loss of such outstanding and experienced politicians as Mr. Coldwell, Mr. Knowles, Mr. Gardiner and Mr. Sinclair, but the voters evidently decided that when they were going to give Mr. Diefenbaker a clear mandate, they would facilitate his use of it by removing some of his most formidable critics. It was a misguided course of action as the absence of an efficient opposition always breeds in a ministry complacency and arrogance which leads eventually to its downfall.

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(a) Ottawa (b) Kirkland Lake (c) Aurora

2. Only bridge in Ontario on which you travel north to the U.S. is at

(a) Ivy Lea (b) Fort Erie (c) Windsor

3. Algonquin Park is one of Ontario's many game preserves. It covers an area of

(a) 2750 sq. miles (b) 5000 sq. miles (c) 2000 sq. miles

4. Ontario's 2,362 miles of fresh water shorelines have many old lighthouses. This one is at

(a) Kincardine (b) Toronto (c) Port Hope

KNOW ONTARIO BETTER

ANSWERS: 1. (b) 2. (c) 3. (a) 4. (a)

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Ottawa Letter

by John A. Stevenson

A Political Revolution

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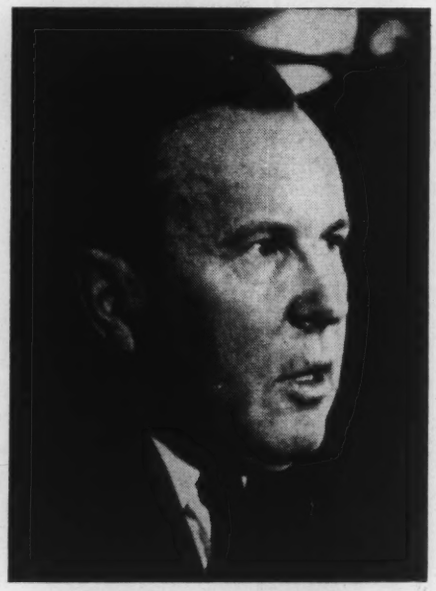

Pearson: An unsure touch.

victory and history will record that he rendered a great service to his country by the political revolution which he accomplished in Quebec. The old equilibrium of Canadian politics, in which each of the two historic parties contained a balanced representation of our two basic racial stocks, was destroyed in 1917, when the unfortunate controversy over military conscription drove the great majority of the French-Canadians, naturally a Conservative folk, into the Liberal camp and its restoration is one of the most beneficial result of the election.

The great majority of the voters, unwilling to accept the arguments of the leaders of the CCF that only a planned economy could save Canada from recurring alternations of booms and depressions, had to base their decision about their ballots on their appraisal of the personalities of the two leading protagonists and their capacity to be efficient stewards of the nation's fortunes. In a contest of this nature Mr. Diefenbaker had manifest advantages.

Prior to his elevation to the leadership of the Progressive-Conservative party, he had never professed any firm allegiance to the principles of conservatism and had won his prestige in the West as an independent champion of radical causes. So he could claim acquittal from the charge that he was a Tory "diehard", intent upon the conservation of the established social and economical order and was able to employ his undoubted gifts as an expert in electioneering for emergence as a free-ranging political crusader, whose aspiration was to lead the Canadian people into a veritable Utopia of prosperity and happiness.

In the thirties of this century the German people, in a mood of bitter despair about their future, chose, to their ultimate sorrow, to find a political hero in and entrust their destinies to an expert rabble-rouser of sinister character called Adolf Hitler and in 1952 the American people, tired of the long reign of the Democrats in power, thought that they could find salvation for their troubles by giving an overwhelming mandate to a famous soldier called Dwight Eisenhower, who has proved to be a complete misfit in the White House. It would be unfair to suggest that Mr. Diefenbaker is a Canadian replica of Hitler and he has little in common with Eisenhower, but somehow or other he has managed, as Hitler and Eisenhower did in their respective countries, to impress a decisive majority of the Canadian people with the idea that he is a political Moses who will bring them into a Caanan flowing with milk and honey.

So we have had the amazing spectacle of multitudes of all grades of society flocking to touch the hem of his garment and according him an adoration such as never fell to the lot of either Sir John Macdonald or Sir Wilfrid Laurier. The plaudits of the crowds, which hailed him as their chosen champion inspired him with confidence and fanned the fires of his emotional appeals and it was only in the later stages of the campaign that Mr. Pearson, after he discarded a mode of speech more suited to the assembly of the UN than to the hustings for a homelier and more robust technique, was able to offer an effective challenge to the Prime Minister's tempestuous crusade and the change came too late to avail anything.

The great personal contribution which the Prime Minister made to his party's victory, ensures the confirmation in power, not of a Conservative Ministry of the traditional type but of a Diefenbaker Ministry, whose policies will largely be determined by its leader's ideas and inclina-

tions. Its support is based not solely upon the firm believers in conservative principles and policies as in earlier days, but upon a heterogeneous collection of elements, who hold a wide diversity of opinions and are imbued with divergent aspirations and the problem of holding the allegiance of all this variegated flock of supporters will tax the ingenuity of the Prime Minister. In the closing stages of the campaign the main ingredient of his appeal for support was an invitation to the voters to rally behind him for the realization of a great vision, the development of the vast treasure house of dormant natural resources in our northern subarctic hinterland. He even went so far as to visualize this region as such a busy hive of industrial activity that it would justify the creation of two new provinces.

Some contribution to the great Tory victory was made by the anti-American sentiment aroused by accumulating evidence—such as the bargain counter sales of grain and the ban on the export of Canadian cars to China—that there was scant concern at Washington for vital Canadian interests. Many voters felt that the time had come to take a firm stand against this harsh treatment of Canada by some retaliatory measures and the Progressive-Conservative party, which has promised to divert 15% of our import trade from the United States to Britain, seemed a better instrument for coping with American domination of our economy than the Liberals, who had constantly cultivated the good graces of the United States.

But one calamitous result of the election is that the unwieldy majority of the government, the largest in Canadian history, will give the country an even poorer parliament than that which functioned at the height of the long Liberal ascendency from 1940 onwards till 1957. The Liberal opposition will be not only numerically weak but feeble in debating power, because apart from Messrs. Pearson, Martin, Pickersgill, Chevrier and Lesage, it contains few parliamentarians of real competence and it has not a single spokesman at Ottawa from west of the Great Lakes. The decimation of the ranks of the C.C.F. leaves it in a similar plight, but it has fared rather better than the Social Credit party whose complete elimination from Ottawa will not be mourned except by its devotees. The House of Commons will also be greatly impoverished by the loss of such outstanding and experienced politicians as Mr. Coldwell, Mr. Knowles, Mr. Gardiner and Mr. Sinclair, but the voters evidently decided that when they were going to give Mr. Diefenbaker a clear mandate, they would facilitate his use of it by removing some of his most formidable critics. It was a misguided course of action as the absence of an efficient opposition always breeds in a ministry complacency and arrogance which leads eventually to its downfall.

How well do you know ONTARIO?

Check your knowledge with this fascinating PHOTOQUIZ

1. This picturesque area from which all rivers flow north is near

(a) Ottawa (b) Kirkland Lake (c) Aurora

2. Only bridge in Ontario on which you travel north to the U.S. is at

(a) Ivy Lea (b) Fort Erie (c) Windsor

3. Algonquin Park is one of Ontario's many game preserves. It covers an area of

(a) 2750 sq. miles (b) 5000 sq. miles (c) 2000 sq. miles

4. Ontario's 2,362 miles of fresh water shorelines have many old lighthouses. This one is at

(a) Kincardine (b) Toronto (c) Port Hope

KNOW ONTARIO BETTER

ANSWERS: 1, (b) 2, (c) 3, (a) 4, (a)

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Saturday Night

Unemployment is a measure of our economic trouble.

To solve our problems we first need to know just—

How Many People Are Really Out of Work?

by John O. Pattison

Canada's National Employment Service is one source for statistics.

LONG QUEUES AT EMPLOYMENT offices all over the country are testimony that Canada has a serious problem. In a world divided by grim struggles for man's allegiance, mass unemployment is an intolerable burden. Capitalist society is on trial. Unless the right answers are found, serious troubles may be expected — and unwanted changes may be thrust upon us.

Before we can appraise the unemployment problem we need a realistic measure of its size. There are three different measurements of the level of idleness.

Officially, unemployment is defined as "without jobs — seeking work". This is an exclusive definition. It automatically leaves out all of those who seek work but have a job, regardless of how inadequate the present employment may be. Those who are without work and who, for whatever reason, are not seeking employment, are also left out. By its nature, such a limiting description inevitably omits a substantial number of unemployed persons who could be profitably employed.

However, there are other weaknesses in the estimate of persons "without jobs — seeking work", quite apart from its exclusive nature. This statistic, which purports to be the last word on Canada's unemployment, is derived from what is known as the 1% Sample Survey. Actually, this overstates the size of the sample; the estimate comes from a canvas of 30,000 homes — which is more like three-quarters of 1% of the labor force. Surveys, whether they be Gallup polls of political leanings or investigations of consumer intentions, are sometimes wide of the mark in their findings.

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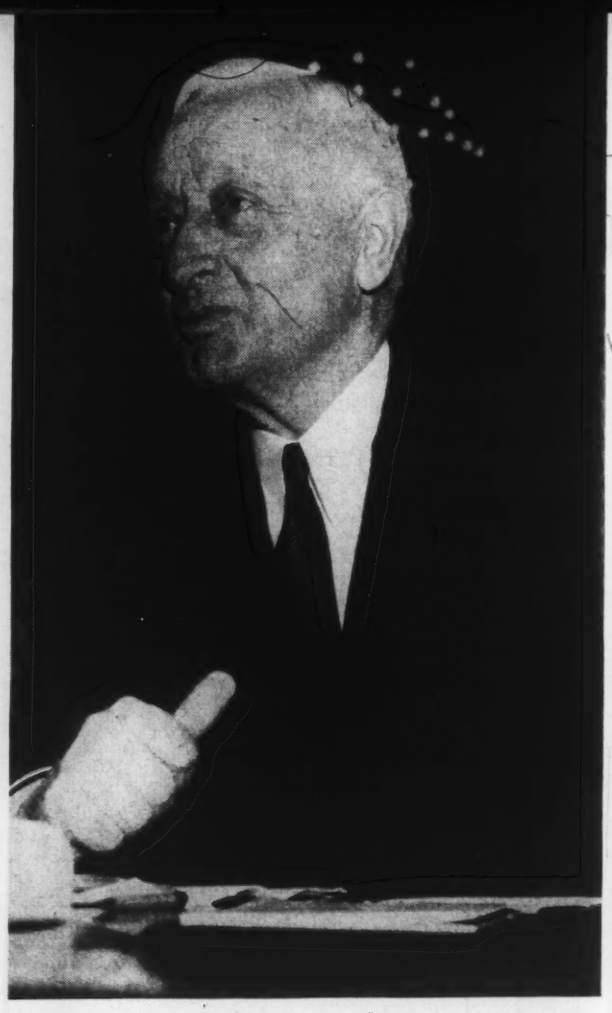
Alternatives for the West:

PEACE or SUICIDE

by Cyrus Eaton



Canadian - born magnate Cyrus Eaton advocates prompt action to avert "impending catastrophe".

THE US AND THE USSR are engaged in a monumental armaments race. American bombers are in the air around the clock with lethal loads of hydrogen bombs, each with a power five million times as great as the mightiest bomb dropped on Germany in World War II. Russia has similar planes. She also has hundreds of submarines, armed not only for sea combat, but also capable of launching landward-bound missiles with nuclear warheads. In addition, Russia apparently has intercontinental missiles which, loaded with H-bombs, could reduce Montreal or New York to rubble and obliterate every form of life that these cities contain. All of these hideous weapons are designed for almost push-button use, and authority is vested in hundreds of men in scattered parts of the globe to touch them off if World War III appears to have begun.

The 74 billion federal budget that President Eisenhower recently sent to Congress calls for expenditure of $47,100,000,000, or 64%, for "protection" against Russia. The USSR, we can be sure, is likewise devoting as large a part of her substance to "protection" against us.

An American expert on modern warfare has lately recommended that up to $40 billion should be spent on shelters for use by the populace in the event of nuclear combat. Without such shelters, it has been estimated that 60 million American lives would be lost in an intercontinental nuclear war.

U.S. State Secretary Foster Dulles "self-appointed Soviet hate-monger"

From all these signs and portents, one can only conclude that the human race is hell-bent toward both bankruptcy and suicide. This is incredible folly. I feel we ought to move vigorously and immediately to avert the impending catastrophe. I believe we can and must reach a workable accommodation with the Russians. Certainly no issue now dividing the world looms so large as to warrant the destruction of all that civilization has produced.

Our statesmen plainly have been stalling. They have played down the hazards to mankind of the insane armaments race. They have seized upon every occasion to foment popular hatred of Russia. Twelve years ago, in fact, the United States declared cold war on Russia, and that has been the cardinal principle of American foreign policy ever since. Bear in mind that, up to that time, Russia had been our ally, just as Japan had been our enemy. While we made peace with Japan and restored our ancient friendship with

"One can only conclude that the human race is hell-bent towards both bankruptcy and suicide. This is incredible folly. We can and must reach a workable accommodation."

Julian Huxley (left) and Dr. Cyril F. James, principal of McGill with Mr. Eaton at Mr. Eaton's summer home, Pugwash.

her, we turned on Russia and challenged her to an armaments race. Because we alone knew the secrets of the A-bomb, we began the contest with contempt for our opponent and confidence in ourselves.

The change of administration in the United States in 1952 brought not an alteration in our policy of baiting the Soviet bear, but an intense aggravation of it. Secretary of State Dulles became the self-appointed Soviet hate-monger. Six years later he is still making a career of stirring up enmity and distrust between the Western and Eastern worlds. He takes regular occasion to redeclare the cold war not only on Russia, a proud and powerful nation of 225 million people, but also on Red China, a new nation of 650 million people undergoing a far-reaching industrial revolution, and destined to occupy a position of prominence among the world's major powers.

I submit that the statesman who hurls opprobrious epithets at Russia and China is no friend of America or the world. With the crushing burden of taxation that has been saddled on the American people to sustain the armaments race, I further submit that Secretary Dulles has brought us not only to what he boastfully calls the brink of war, but also to the brink of depression. Finally, I submit that there can be no prospect for a political understanding between the US and the USSR until Secretary Dulles reverses his whole policy or is removed from office.

If the statesmen of the world have been unable to meet face to face for frank and free discussions, at least the scientists have not been so laggard. Shortly before his death, Einstein joined with my good friend Bertrand Russell, distinguished British mathematician, philosopher, and Nobel prize winner, in an appeal to scientists of all nations to meet and warn the world of the deadly dangers of these new nuclear weapons.

The first conference pursuant to the Einstein-Russell suggestion convened in my native village of Pugwash, N.S., last summer. From Russia, Red China, Japan, Great Britain, France, the United States, Canada and other countries came 22 of the world's leading nuclear experts, from the disciplines of physics, chemistry, biology and medicine.

Despite barriers of race, creed and color, these eminent scientists were able to reach an agreement at Pug-

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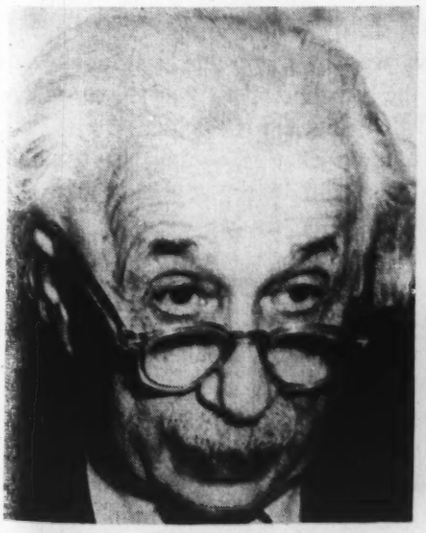
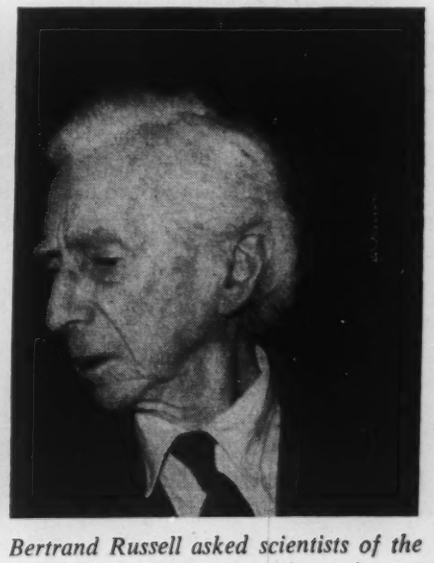
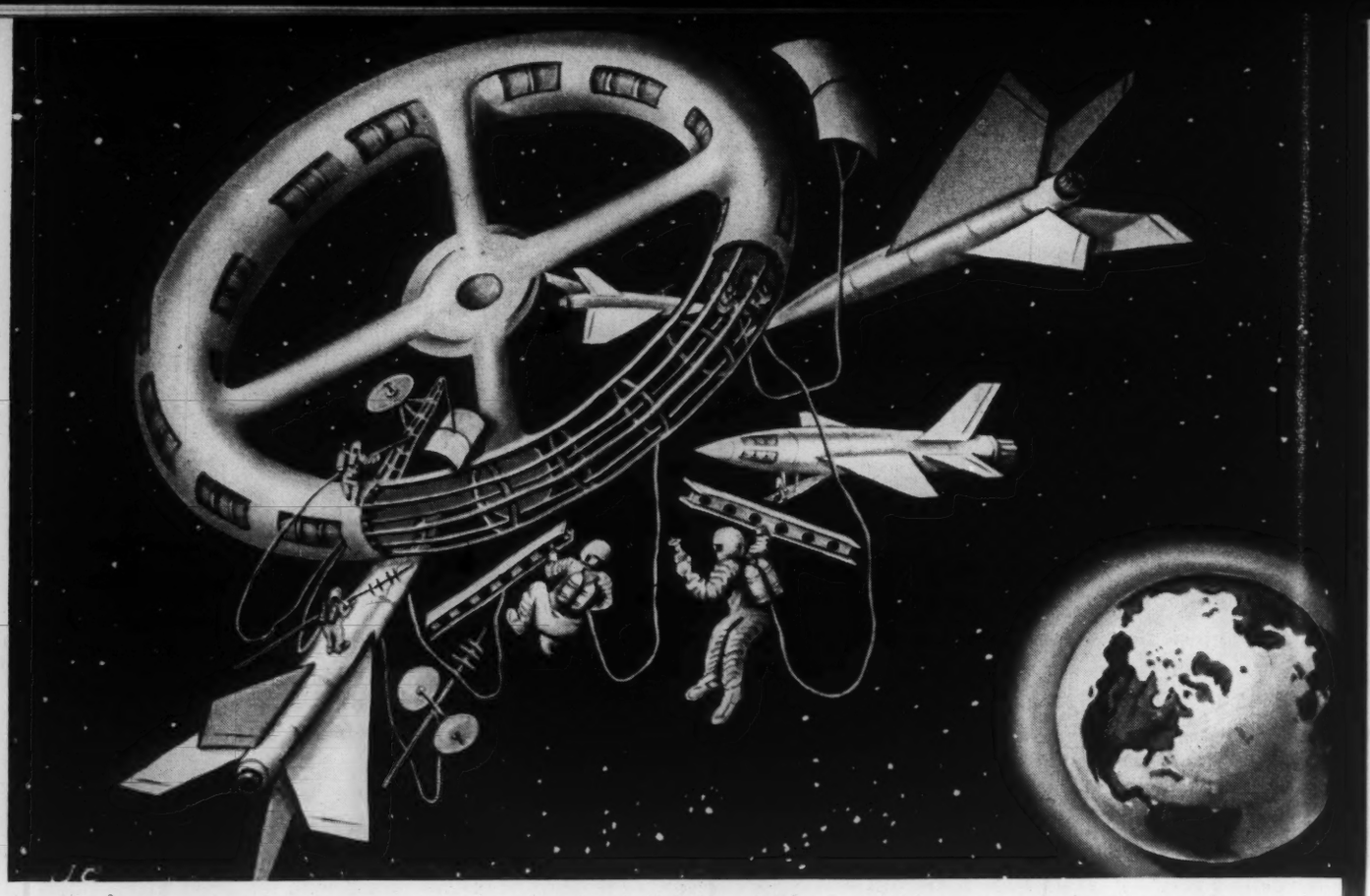


Einstein helped inspire international conference of scientists at Pugwash.

Schweitzer attached "great importance" to Russian acceptance of manifesto.



Bertrand Russell asked scientists of the world to warn of nuclear danger.



The sky is no limit for U.S. day-dreamers. For a few hundred billion dollars we could put a weather station on the moon.

New York Letter:

Moonstruck Americans

by Anthony West

YOUR LONG SILENT New York correspondent returned from a leisurely six months' trip around the world in time to witness, with some incredulity, the shenanigans with which the citizens of the Great Republic greeted the opening, in their view, of a new era by courtesy of the Russians. I felt as unmoved by the wave of panic which followed the launching of the Russian satellites as by the wave of confidence which followed the launching of Explorer, for a fairly simple reason. I have my own vivid memories of what was in fact, the beginning of the new era. Though what pushed the Explorer I, (rudely called The Third Man by some people) into the sky has the official name of Jupiter C, and is developed from Jupiter which is in turn developed from Redstone, the machine in question is still in fact, the German V.2. I remember this from the days when it was fresh and new on the international scene, and heard the first boom and mumble it made as it claimed its first harvest of broken human bodies. I had, in company with a number of my colleagues of the B.B.C.'s Home News Service, just finished work on the six o'clock evening bulletin. This had included a cosily worded announcement by Duncan Sandys, saying that the last shots in the battle of London had been fired, and that now that the allied armies had captured the last of the rocket launching sites on the channel coast, Londoners could sleep in their beds without fear. Ten minutes after this heartening message had gone out, I and the rest of the newsroom staff went out into Portland Place on our way to get a bite at the B.B.C.'s canteen in New Oxford Street. It was pleasant being out in the early evening sunshine and we were all, with the exception of a tall, lean, Scotsman from Glasgow called Tom Winter, saying how wonderful it was to know that London's long ordeal was over. Mr. Winter, having heard us out, observed that in his view, Mr. Sandys, for all that he was Winston Churchill's son-in-law, was not a lucky man. At this moment, or very few seconds later, the most doom-laden sound of an ex-

plosion any of us had so far heard, rent the air. Mr. Sandys announced the next morning that it had been a gas main explosion, and his ministry attempted to stick to their story until the third or fourth of Wernher von Braun's rockets hit a public house in a little back street off Oxford Street close to Selfridge's store and a few hundred yards from the American Headquarters in Grosvenor Square. I went and had a look at the hole, and at the wreckage of a street I had known since I was a child. As I knew that the nearest point to London the Germans still held which they could use as a rocket base was beyond Antwerp, and as all the inside dope was that this was a new kind of rocket, it was clear that a new era had started. Europe was simply too small to have wars in anymore. I went off to have tea with my father who, as H. G. Wells, had done a good deal of speculating about the future in his day, and told him about the new weapon which had come into action, and what I thought it meant. He said that the planet was too small—let alone Europe. He added that if the Germans could fire a rocket that distance, they would soon be able to fire a rocket out into space, "and when they can do that" he said, "I suppose those bloody fools of soldiers will want to fight for it".

Fourteen years ago, that idea seemed as fantastic as anything I had ever heard, and at the time, it seemed to me unjust to the soldiers. But here we are in '58, admittedly an election year in which any nonsense goes, and here is Senator Lyndon Johnson talking about security "control" of space as something vital to the military security of the United States. Johnson's oratory, the result of intoxication with the thought that a man might get to the White House by way of the stars, has of late achieved something of that wild beauty which has been missing from the American political scene since death silenced the wagging tongue of the late Warren Gamaliel Harding. That genius of parody could construct things with all the structure, rhythm and balance of well-turned sentences which had everything in them but meaning. This torch has now been picked up and is being held aloft, blazing at both ends, by the great man from Texas. Few spirits throughout the United States can have been left unstirred by the senator's awful warning that something horrible would happen if somebody or other established themselves in what he called "the ultimate position" and become "masters of infinity". The ultimate position appeared to be something in the nature of a lunar base from which terrestial weather was to be controlled, so there is some shadowy possibility that the phrase means something. But how you get to be a master of infinity—short of getting some amazing concessions at

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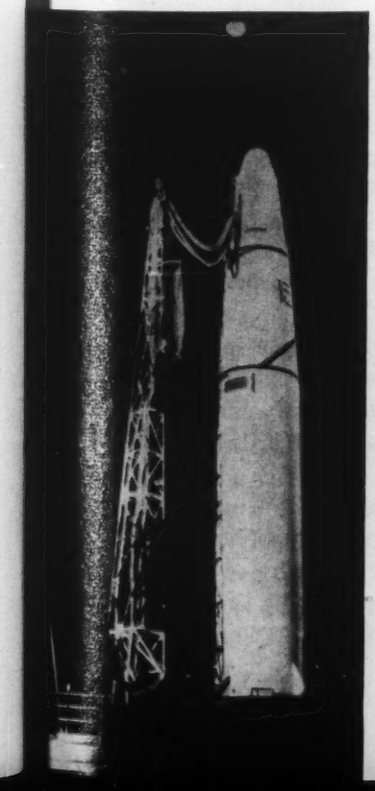
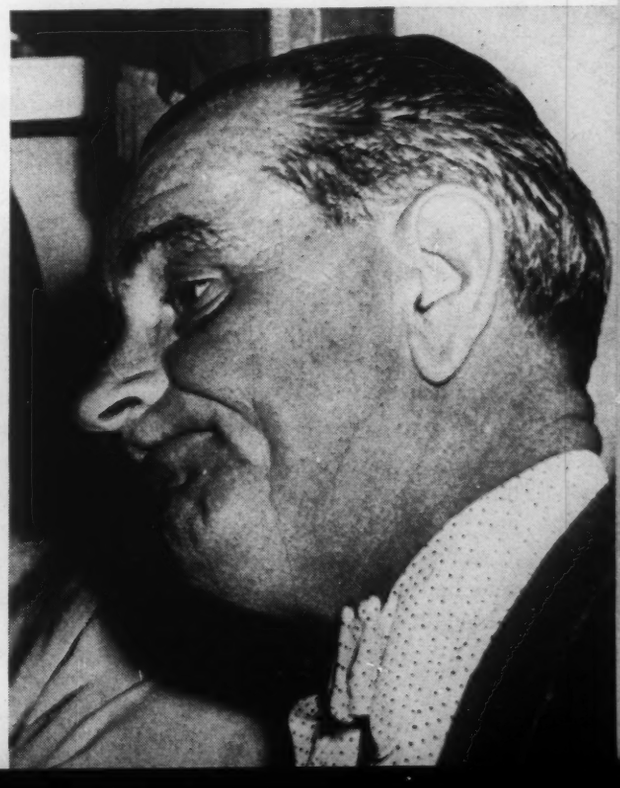
Any nonsense goes in an election year and some U.S. politicians are riding a wave of moonshine hoping it will float them into the White House.



An air force Thor missile seems to be aimed at moon over Cape Canaveral.

Senator Lyndon Johnson of Texas sees moon inhabitants "masters of infinity".

Businessmen are alerted to commercial opportunities of bulb-growing in space.



Conservative Landslide:

Will the Provinces Rebel?

by Norman DePoe

The unprecedented 209 seats were a personal victory for Mr. Diefenbaker.

CANADA'S 24th federal election — insofar as returns are complete as this issue of SATURDAY NIGHT goes to press — can be subjected to the first of what will undoubtedly be long and searching analyses of what happened to produce the Diefenbaker landslide.

In terms of popular vote, the Prime Minister's historic sweep was made from the beginning. Two hours after the polls closed on election night, it was evident that there was a general swing of about seven per cent in the popular vote in the Maritimes.

This was not enough to turn over any seats in Newfoundland, where voters had since becoming Canadians in 1949 given the Liberals even bigger majorities than they enjoyed in Quebec. But it sufficed to make such close seats as Prince, P.E.I. (won in 1957 by a bare 234 votes), and Antigonish-Guysborough (PC by only 197) solidly Conservative.

In fact, whether it was due to more intensive work by party organizers or not, in those seats which went to Mr. Diefenbaker's party by a whisker in 1957, early returns showed a swing of fifteen per cent, as opposed to the seven per cent general in the Maritimes.

The main story, according to all the pre-election crystal-ball gazers, would be told in Quebec. There was a main story, but it was only one of many. Here, where in recent elections more than 60 per cent of the popular vote had gone to the Liberals, Mr. Diefenbaker succeeded in scoring just under 30 per cent in 1957. In 1958, his 50 supporters rode in on a wave of popular votes amounting to nearly 50 per cent, as opposed to 46 per cent for the Liberals.

In Ontario, where many reporters with the Pearson campaign reported an upsurge of Liberal feeling towards the end of the leader's six weeks on the hustings, Mr. Diefenbaker still scored an increase in the popular vote — from 49 per cent in 1957 to 55 per cent this year.

This was the only major discrepancy, in fact, between the Gallup Poll forecast and the actual returns. The Canadian Institute of Public Opinion had assigned 63 per cent of the vote to the Conservatives in Ontario.

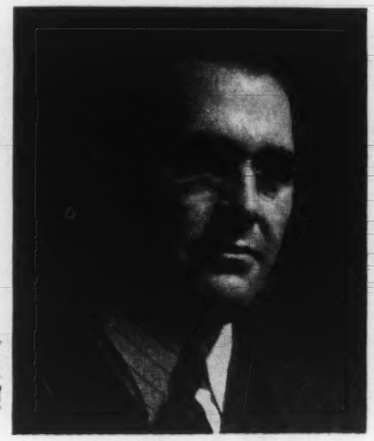
Wilfrid Sanders, co-director of the poll, has noted the difference, and says frankly: "We saw a shift back from the Progressive-Conservatives to the Liberals in Ontario, but we didn't see it going back so far."

Even with the swing, Mr. Diefenbaker's party will go back to Ottawa with seven more Ontario members than it had in the last house.

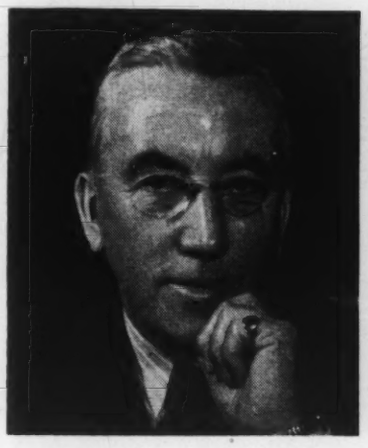
The most astonishing swing of all came in the west, where both Liberals and Conservatives had urged voters to return to the two-party system and eliminate the "splinter parties". They very nearly set up a one-party system.

Alberta, which had never since joining Confederation in 1905 given anything like a majority of its seats to the Conservative party, became a clean sweep. And Albertans also recorded the biggest swing of all in the popular vote — from 28 per cent for the Conservatives

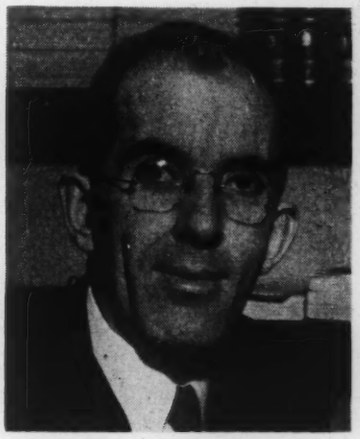
Splinter spokesmen spurned



Socred leader Low.



C.C.F. leader Coldwell.



C.C.F. deputy Knowles.

Political history indicates the smashing Conservative victory will result in defeats at the provincial level.

in 1957 to just over 60 per cent this year.

Saskatchewan and Manitoba fell in line, though with smaller shifts.

British Columbia, always individualistic, presented one of the few anomalies in the returns. While Social Credit lost heavily in the popular vote, and the Liberals somewhat less heavily, the CCF gained. This was perhaps predictable on the basis of the last B.C. provincial election which used a transferable vote, in which electors mark first, second and third choices. This was the 1952 election when Social Credit came to power — and one of the things which astonished reporters was the number of ballots which gave first choice to Socreds, second to CCF, or vice versa.

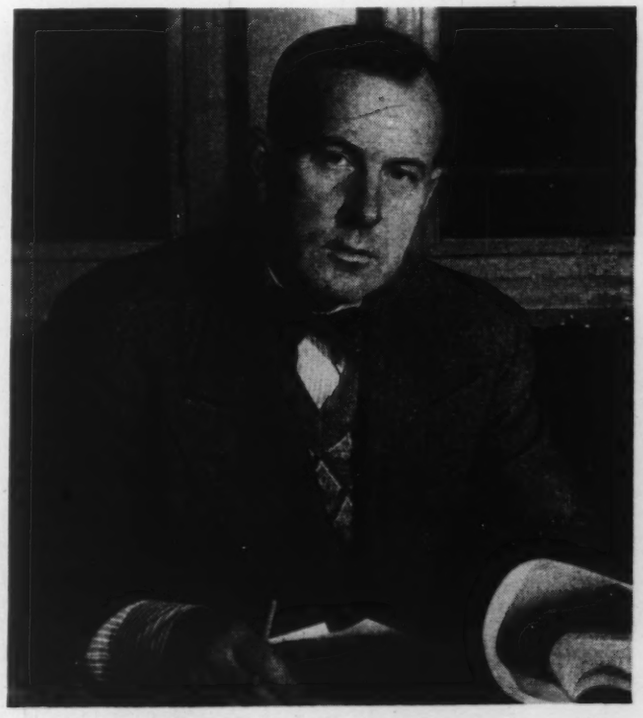
The election was conducted at a time when both the older parties were politically bankrupt in the provincial field, and while Social Credit gained a slim majority, it was evident that many voters would prefer either of the protest parties to a Liberal or Conservative provincial government. The 1958 federal election seems to show that a considerable group of B.C. voters still feel the same way.

Whatever the reason, CCF strength now appears to be concentrated in B.C. and parts of Ontario, with a considerable rearguard group in Saskatchewan. The party's vote in the Maritimes, which has been declining steadily, was cut still further despite an all-out comeback effort by Clarie Gillis in Cape Breton South. It was only the gain in B.C. which held the National popular vote for the C.C.F. at the figure of approximately ten per cent which has been common recently.

Social Credit, with no federal members and a bare two per cent of the national popular vote, faces a major task of reorganization, and speculation is already rife about the future of the governments of Alberta and Saskatchewan.

For the Conservatives, the landslide vote poses a different problem: will history repeat itself, and how soon?

It is a well-known fact of Canadian political history that as soon as a party assumes federal power, there is a counter-swing in the provinces. This has been illustrated ever since Confederation. CONTINUED ON PAGE 55



Lester Pearson can scarcely muster corporal's guard.

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In fact, whether it was due to more intensive work by party organizers or not, in those seats which went to Mr. Diefenbaker's party by a whisker in 1957, early returns showed a swing of fifteen per cent, as opposed to the seven per cent general in the Maritimes.

The main story, according to all the pre-election crystal-ball gazers, would be told in Quebec. There was a main story, but it was only one of many. Here, where in recent elections more than 60 per cent of the popular vote had gone to the Liberals, Mr. Diefenbaker succeeded in scoring just under 30 per cent in 1957. In 1958, his 50 supporters rode in on a wave of popular votes amounting to nearly 50 per cent, as opposed to 46 per cent for the Liberals.

In Ontario, where many reporters with the Pearson campaign reported an upsurge of Liberal feeling towards the end of the leader's six weeks on the hustings, Mr. Diefenbaker still scored an increase in the popular vote — from 49 per cent in 1957 to 55 per cent this year.

This was the only major discrepancy, in fact, between the Gallup Poll forecast and the actual returns. The Canadian Institute of Public Opinion had assigned 63 per cent of the vote to the Conservatives in Ontario.

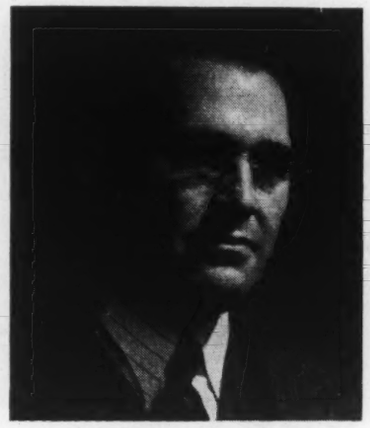
Wilfrid Sanders, co-director of the poll, has noted the difference, and says frankly: "We saw a shift back from the Progressive-Conservatives to the Liberals in Ontario, but we didn't see it going back so far."

Even with the swing, Mr. Diefenbaker's party will go back to Ottawa with seven more Ontario members than it had in the last house.

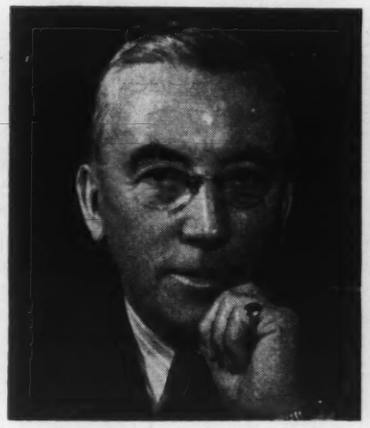
The most astonishing swing of all came in the west, where both Liberals and Conservatives had urged voters to return to the two-party system and eliminate the "splinter parties". They very nearly set up a one-party system.

Alberta, which had never since joining Confederation in 1905 given anything like a majority of its seats to the Conservative party, became a clean sweep. And Albertans also recorded the biggest swing of all in the popular vote — from 28 per cent for the Conservatives

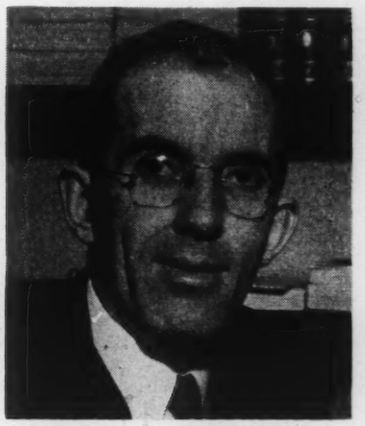
Splinter spokesmen spurned



Socred leader Low.



C.C.F. leader Coldwell.



C.C.F. deputy Knowles.

Political history indicates the smashing Conservative victory will result in defeats at the provincial level.

in 1957 to just over 60 per cent this year.

Saskatchewan and Manitoba fell in line, though with smaller shifts.

British Columbia, always individualistic, presented one of the few anomalies in the returns. While Social Credit lost heavily in the popular vote, and the Liberals somewhat less heavily, the CCF gained. This was perhaps predictable on the basis of the last B.C. provincial election which used a transferable vote, in which electors mark first, second and third choices. This was the 1952 election when Social Credit came to power — and one of the things which astonished reporters was the number of ballots which gave first choice to Socreds, second to CCF, or vice versa.

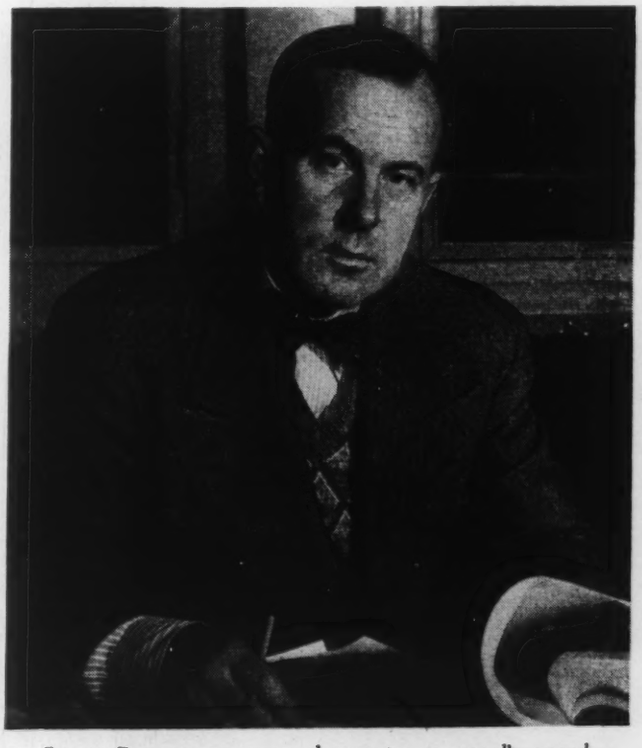
The election was conducted at a time when both the older parties were politically bankrupt in the provincial field, and while Social Credit gained a slim majority, it was evident that many voters would prefer either of the protest parties to a Liberal or Conservative provincial government. The 1958 federal election seems to show that a considerable group of B.C. voters still feel the same way.

Whatever the reason, CCF strength now appears to be concentrated in B.C. and parts of Ontario, with a considerable rearguard group in Saskatchewan. The party's vote in the Maritimes, which has been declining steadily, was cut still further despite an all-out comeback effort by Clarie Gillis in Cape Breton South. It was only the gain in B.C. which held the National popular vote for the C.C.F. at the figure of approximately ten per cent which has been common recently.

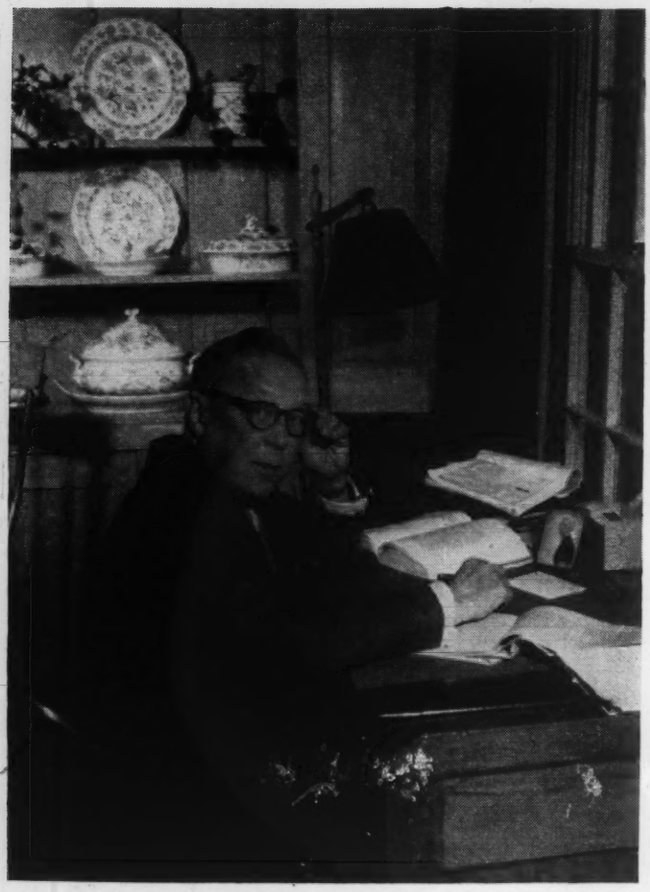
Social Credit, with no federal members and a bare two per cent of the national popular vote, faces a major task of reorganization, and speculation is already rife about the future of the governments of Alberta and Saskatchewan.

For the Conservatives, the landslide vote poses a different problem: will history repeat itself, and how soon?

It is a well-known fact of Canadian political history that as soon as a party assumes federal power, there is a counter-swing in the provinces. This has been illustrated ever since Confederation. CONTINUED ON PAGE 55



Lester Pearson can scarcely muster corporal's guard.



Sir Robert at his desk at Thornhill, near Toronto, where he wrote his book. Half of the year is spent in travelling.

British Brains in Exile:

Radar's Watson-Watt

by Gordon Donaldson

First to produce workable radar, Sir Robert Watson-Watt has had to fight for the credit. He emigrated, allegedly to retire "into a Canadian sunset". Far from retired, Sir Robert says: "damn the sunset!"

ONE OF THE MOST notable British immigrants to Canada in a generation arrived quietly on the Queen Mary in 1952. He came, largely, for a familiar reason: he felt he wasn't getting anywhere in the old country.

True, he had been acclaimed by half the world as one of the half-dozen brains that won World War II. True, he had been knighted by King George VI.

But, as he told me last week, he was "fed up" with certain people and things in Britain.

Now, from his spacious ravine home in Thornhill, Ont., Sir Robert Watson-Watt, father of radar, has laid solidly on the line both his achievements and his frustrations. The "archboffin"* hit back.

His 480-page book has brought agonized yelps from critics in the U.K. It may never be reprinted as an immigration brochure for Canada (for he had his difficulties here, too).

But it should be a standard reference book for every government that wants to make best use of its scientific brains.

Sir Robert was a scientist in the British civil service

**"Boffin": Wartime R.A.F. slang for scientist; hence, "archboffin", top scientist.*

Canada's General MacNaughton was granted a patent for a radio locating device in 1925.

Sir Watson-Watt married a Canadian, Mrs. Jean Drew Smith, in 1952.

for 30 years. British scientists are generally supposed to be inarticulate and British civil servants mute.

Watson-Watt is neither. His was the golden tongue that sold radar to the Cabinet in 1935 and thereby saved Britain in 1940. When, in 1951, he was forced into the humiliating position of having to plead for a government award for his inventions, he talked for four solid days.

A Royal Commission gave him $145,000 tax free — a shabby fee for the architect of a nine billion dollar project.

North America, now ringed by radar, gave him a U.S. Medal for Merit and an honorary Canadian doctorate.

Watson-Watt is now well on the way to becoming an archboffin of the sputnik-haunted 'fifties.

He confirmed hesitantly in our interview that the U.S. Navy last month tested a new electronic device of his that could provide deep-sea defence similar to the air network he threw up around England in 1940.

"The missile-carrying submarine," he said, "is a far greater danger at present than the ICBM."

His new underwater eye, developed by Adalia, Ltd., his Montreal electronics firm, promises to locate submarines over a wide area, revolutionizing sea warfare.

Why did the British — and later the Canadian — governments allow such a brain to escape to the rural peace of Thornhill? This is one of the great post-war mysteries, ranking with the puzzle of how the Russians managed to beat us into space.

When the victorious Allies were plundering Germany of its scientists, hustling men like Walter Dornberger and Wernher von Braun off to Alabama and their colleagues off to the Urals, many of the faithful British boffins were pigeon-holed.

Watson-Watt, retired from full-time civil service but retained as a government advisor, noted "they weren't

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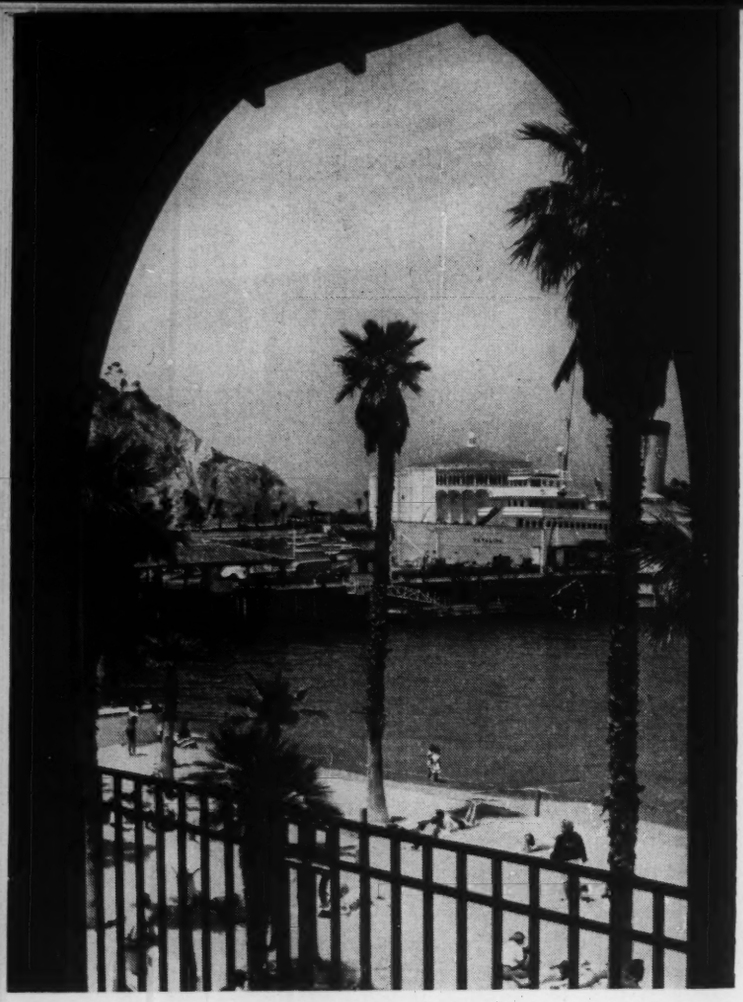
Wrens took emergency radar training during Battle of Britain.

Watson-Watt in 1941, on the day it was revealed great progress had been made with his invention "Radiolocation".

Travel



Pacific play spot is Catalina Island, 24 miles off coast at Los Angeles. It is easily reached by steamer service.

Here's where you leave the train in Los Angeles. Station is Spanish style, flanked by palm trees.

The Alamitos Bay yacht marine at Long Beach cost $14 million and will berth 1,100 pleasure craft. Five minutes to the sea.

Palisade cliffs at Santa Monica look down at the sandy beach and surf and actors' houses. For millions this is first look at the Pacific.

The famous Griffith Park planetarium looks over the vast sweep of the growing city, Los Angeles. Regular programs are a lively tourist favorite.

Visitors are fascinated by the traffic in Los Angeles and Hollywood, speeded by the far-ranging freeways.

Springtime Sunshine In Southern California

by Alan R. McElwain

IT'S A LITTLE DIFFICULT to tell just when Spring starts in mild-wintered Southern California. But if the blossoming of the masses of wildflowers sets the date, then Spring is already riotously arrived. Due to the unusually bountiful Winter rains, this promises to be one of the most flowery Springtimes in years.

A carpet of miles and miles of purple Lupine and golden California Poppies is spreading over the valley floor of Kern County near the city of Bakersfield a few hours' drive north of Los Angeles. It is a magnificent sight to break out of the mountains on The Grapevine highway and see suddenly below the ocean of pinks and purples and golds stretching as far as the eye can see. Flower excursions to the area are already getting underway.

On the desert near the oasis resort of Palm Springs one of the most gorgeous blankets of wildflowers in years is blossoming over the sands. The dunes ripple with color. This is the time when artists flock to the desert.

The spectacle will last for two or three months as it

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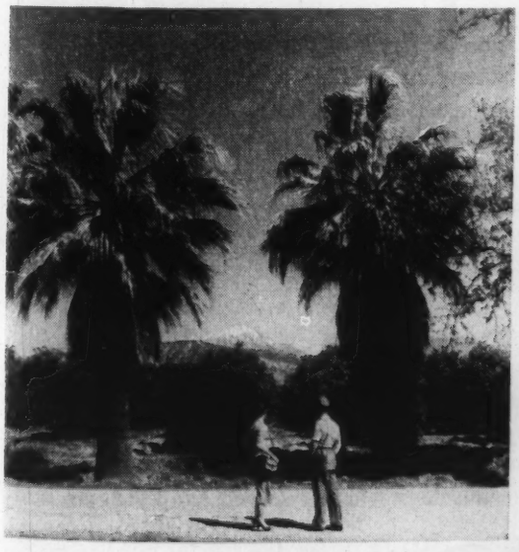
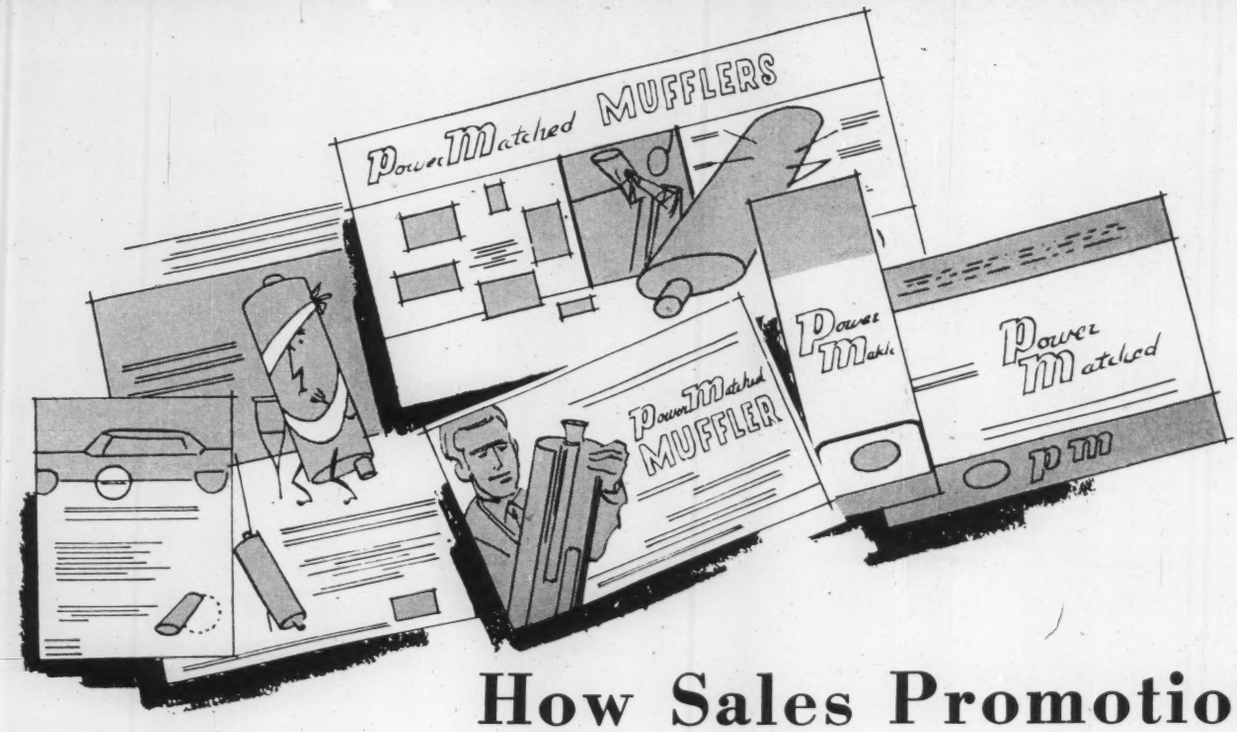


Palm trees, orange groves and mountain peaks are trademarks of Southern California in Spring.

The coast at Laguna Beach, in Orange County, has been compared to Normandy. Town is now famous for its Summertime Arts Festival.



How Sales Promotion Brings in Hard Cash

by Tom H. Proctor

Planning and timing are the basis of success in sales promotion. The right message in the right media at the right time expands sales, profits.

BUSINESS HAS COLLIDED head-on with an old — and new — problem: how to sell in a highly competitive consumers' market. To solve the problem, business is counting heavily on a new member of the management team: the sales promotion executive.

For many executives and business managers, today's intense competition and consumer resistance are virtually unknown phenomena. Swept along through the lush post-war years of a sellers' market, they have been jolted by the realities of an economic recession.

Among the first casualties have been the "order-taker" salesmen. After two decades of easy pickings, there is no room left for them. Among the later casualties have been many old ideas about selling, what it is and how to do it. When management found its old ideas about selling in a tough market no longer worked, it looked for new ideas. For many, the sales promotion executive has supplied the answer.

Sales promotion is the liaison between management and the sales force. Sales promotion functions as a clearing-house.

Evidence of the increasing importance of sales promotion is the use of such titles as Director of Sales Promotion, Manager of Sales Promotion, Merchandising Director, or the more common Sales Promotion Manager. Top management is recognizing the value of creative sales promotion.

The Canadian Sales Promotion Executives Association was formed to:

—promote a better understanding of the functions of sales promotion;
—enhance its standing as a profession;
—make sales promotion more productive;
—clarify its meanings and scope as an economic force;
—promote a harmonious relationship between sales promotion and advertising, sales management and salesmen.

Sales promotion can now claim many practitioners with more than ten years' experience. It has made great strides since the days when it served simply as an odd-

CONTINUED ON PAGE 51

Stainless Steel puts a lasting smile on the face of a building

CONTAINING INCO NICKEL

Now under construction, the modern office building of Atlas Steels Limited in Welland, Ontario, will have a bright, shiny stainless steel exterior. The stainless steel used in the curtain walls of this building contains Inco Nickel.

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That's the *economy* of stainless steel curtain wall construction. It explains why a number of new buildings will have these bright, shiny, rust-resistant stainless steel outer walls. And Inco supplies nickel to the Canadian steel company that produces stainless steel.

Nickel helps give stainless steel its rich, silvery lustre and its exceptional strength . . . makes it easy to fabricate. Small wonder that fine tableware, modern sinks and so many other beautiful and practical items for the home are now made with nickel-containing stainless steel. Another example of the way Inco metals serve the Canadian industries that serve you.

Inco has recently published a colourful and beautifully illustrated 32-page booklet about Canada's important nickel industry, entitled "The Exciting Story of Nickel". It is written primarily for Canadian youth by Alan King, but adults will also find it full of interesting information. Just write to Inco for a free copy of this booklet.

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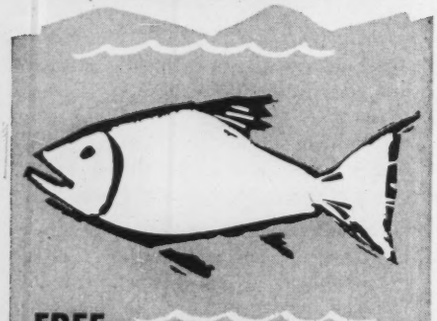

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London Letter

by Beverley Nichols

Britain and the Bomb

ONE OF THE OBJECTS of this letter is to inform you of facts which through vested interest, prejudice, or sheer stupidity, are boycotted by the British press.

By far the most important fact in Britain today is the astonishing success of the newly launched Campaign for Nuclear Disarmament, which demands immediate and unilateral action by Britain against the manufacture of nuclear weapons, or indeed having any truck with them whatsoever. With one or two honorable exceptions, the Campaign whose most eloquent and passionate spokesman is J. B. Priestley, has been greeted in Fleet Street with a contemptuous sneer. And yet, this is a movement which may decide the fate of the British people, animated by a far more powerful impulse than the various pacifist movements of the thirties. These were often based on a vague emotionalism and an inaccurate assessment of the facts. (I can make this statement with a clear conscience as I was a very active pacifist myself).

But there is nothing emotional about the Campaign for Nuclear Disarmament, unless it is emotional to feel strongly about policies which compel a great nation to commit suicide. Nor is there anything inaccurate about the assessment of the facts — unless the organizers, because they are human, with limited imagination, are unable to convey the full horror, even to themselves, of the situation. Priestley summed it up when he suggested that there were two attitudes of mind behind "this nuclear thing", both of them belonging to a comparatively small group of people. At one extreme was the attitude of the scientific "experts" who had been working for so long in an atmosphere of stifling secrecy, at so hysterical a tension of competitiveness, that they were now, quite literally, insane. At the other extreme were the political "experts", whose imaginations appeared to be atrophied, and who behaved as if they were dealing with muskets and pistols.

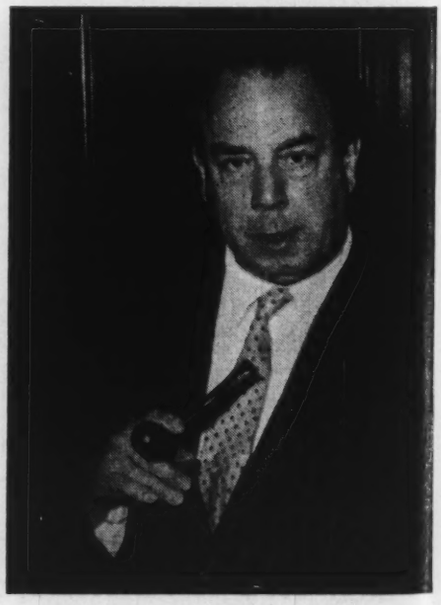
And in between, was the great mass of the British people, who had never been asked if they wanted nuclear weapons at all. All we had been asked to do was to "bare our chests and say fire".

These words, of course, should have been spoken to the people over a national network. (After all, the governments of the day were glad enough of Priestley's voice when he was making his inspired broadcasts during the war!) Instead they were spoken to a few hundred people who had crowded into a hall at Ipswich. If you look up Ipswich on the map you will observe that it occupies a position of some strategic importance. It is in the dead centre of our front line—East Anglia. And precisely 25 minutes after some trigger-happy lunatic had pressed the button, it would be in the dead centre of hell.

Lest you should think that these are the reflections of a middle-aged and disgruntled alarmist, let me switch over to the voice of youth.

Do you remember one of the great journalistic sensations of the last decade, when that ultra-smart and super-sophisticated weekly *The New Yorker* shattered the complacency of Park Avenue—and a great many other equally elegant thoroughfares—by devoting an entire issue to the naked horror of Hiroshima?

It was as though *Punch* had suddenly arrived on the book-stalls packed from



Priestley: Greeted with a sneer.

cover to cover with a clinical analysis of homosexuality.

It was not only a stroke of journalistic genius but a supremely courageous gesture by a young editor who suddenly wanted to shout out the truth, to make himself heard above the sickening tinkle of a million cocktail shakers.

Well, something very like that has just happened in Britain . . . though, once again, you won't read about it in any of the popular newspapers. Oxford's university magazine, *The Isis*, which has a long and honorable record of youthful tomfoolery, has just produced an entire issue dedicated to the Bomb. It lies on my desk as I write, and one of the interesting things about it is that if I did not happen to be an ex-editor of *The Isis* myself, and thereby entitled to a complimentary copy, I should never even have heard of it, so completely has it been ignored by the powers that be.

And yet this issue, surely, is dynamite. Nothing is shirked, nothing is glossed over, nothing is compromised. The pictures of the victims of Hiroshima — that comparatively amiable little curtain-raiser to the melodrama which awaits us—are intended to make you want to vomit, and they do. There is a brutally detailed description of the effects of atomic radiation on the human body. There is a shattering exposé of the strategic futility of the deterrent. ("How, for example, can any strategist weigh a fleet of rocket-equipped submarines against a ring of land bases?") And behind all these flesh-creeping protests there is a most moving plea that youth should realize its moral responsibilities.

This, then, is the voice of Oxford. The voice of youth. And here it seems to me of the utmost importance to stress, once again, the fundamental difference between this movement and the pacifism of the Thirties, for the opponents of unilateral disarmament are already using the Thirties as an excuse for doing nothing. "Look at all that was written about poison gas!" they are saying. "We were told that a few drops of Lewisite would wipe out the whole city of London, and the darned thing wasn't even used!" Or again, "Look at Oxford in 1933, when the Union society passed a motion proclaiming that in no circumstances would they fight for King and Country. Six years later they were fighting with the best of them!"

These arguments are, of course, infantile. The analogy does not exist. The *theories* about Lewisite do not invalidate the *facts* about the bomb. The bomb *has* been used, once . . . a single, dainty, almost kindly progenitor of the mammoth offspring it has spawned.

What are the *facts* about the inevitable results of five ordinary medium-sized H-bombs dropped on Britain . . .

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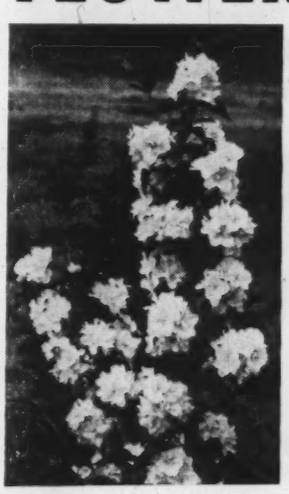

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say on London, Cardiff, Birmingham, Liverpool and Glasgow? Considering that we are at the receiving end, this is perhaps not an unreasonable question. The only thing that is unreasonable about it is the suggestion that there would be only five. Fifty are possible, and therefore probable. But let us look on the bright side . . . even if that only means turning the most becoming light on the prospect of our own grinning skulls.

The facts . . . one must take the scientists' word for it because, after all, our lives are in their hands . . . are that within the space of 25 minutes every building in these five cities would be knocked flat over an areas of 25 square miles, severely damaged over 170 square miles and somewhat damaged over 400 square miles. If the population were *fully* prepared, in those first 25 minutes . . . which seems hardly probable . . . the dead might not be, to begin with, more than 2 million, with 4 million seriously wounded. But before we begin to rub our hands with joy at this cheering prospect, we must add that radio-active fall-out would account for another million dead in seven days, and another million . . .

But these are the figures of nightmare, or should be. Unfortunately they are not. They are the statistical calculations of the aforesaid "experts".

Meanwhile, we are being presented with the tragi-comedy of "civil defence" on which we are spending the modest sum of about $25,000,0000 a year. I should be the last person I hope, to sneer at the activities of any groups of men and women who are trying to do something to alleviate the horror of the holocaust, where it comes. But really . . . when one reads of the meetings of the various Civil Defence Committees, one hardly knows whether to laugh or to weep.

Thus, at a recent meeting at Oxford, there was a great deal of hearty laughter over the word "megacorpse". One of the councillors had asked the committee what arrangements had been made for the disposal of such an object. "Obviously a bit of Hi-Fi language!" jested the chairman. And a historian from Trinity College, greatly amused, rose to point out that the word "megacorpse" was derived from two different languages and was therefore not a word that should be used among gentlemen. So hilarious was the general atmosphere that nobody noticed the man who had asked the question — a town councillor who really knew the meaning of the word.

Megacorpse means one million dead bodies, waiting for disposal after a nuclear attack. I await the arrival of this word in the crossword puzzles of the *Daily Telegraph*.

Canada Iron Keeps Transport Lines Humming

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19P

Puzzler

By J. A. H. Hunter

HE HAD BEEN in the living room many times, but always with Ted. Waiting now for his friend to come down, Ken had a chance to look around. "Who are they?" he asked, pointing to a framed snapshot of two men.

"My wife's father and grandfather," John told him. "Taken this year."

"Ted's great grandad! Whatever age must he be?" exclaimed the boy. "I never guessed Mrs. Ryle was that young."

John was amused. "Well, I'll answer your question," he said. "His age is what you get if you multiply her Dad's age by the reverse of my wife's age and then take away her age multiplied by the reverse of her Dad's age."

"By 'reverse' you mean the other way round?" asked Ken gravely.

"That's right." John nodded. "And my wife's and her father's ages add up to six years less than her grandfather's."

Ted came into the room just then and rushed his friend out of the house.

But how old do you make his mother? (72)

Answer on page 56.

Chess

by D. M. LeDain

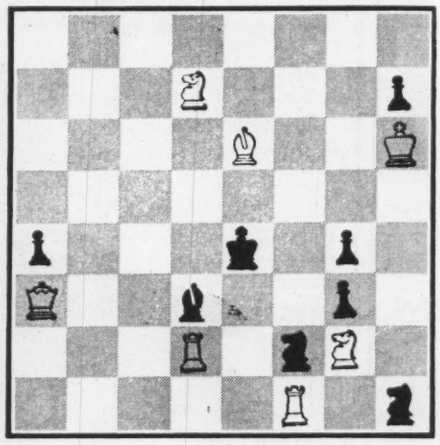
QUEBEC CITY and Toronto lead in solid junior organization, so that it was not surprising when Quebec's Francois Jobin won the first official Canadian Junior Championship title at Quebec, with Peter Bates, Toronto, runner-up. Preliminaries yielded the following additional finalists: F. May, Vancouver; D. Grimshaw, Toronto; P. Ihssen Winnipeg; L. Therien, Quebec; T. Carleton, Toronto, and L. Campbell, N.S.

White: F. Jobin, Black: F. May.

1.P-Q4, Kt-KB3; 2.P-QB4, P-K3; 3.Kt-QB3, P-Q4; 4.B-KKt5, QKt-Q2; 5.PxQP, PxQP; 6.P-K3, B-K2; 7.B-Q3, Castles; 8.Q-B2, P-KR3; 9.B-R4, P-QB4; 10.Kt-KB3, PxQP; 11. PxQP, P-QR3; 12.Castles, R-K1; 13.KR-K1, Kt-B1? 14.BxKt, PxB (to save the QP); 15.R-K3, Kt-K3; 16. QR-K1, Kt-B5; 17.Kt-R4, KtxB; 18.QxKt, B-K3; 19.R-Kt3ch, K-R1; 20. RxB! Resigns.

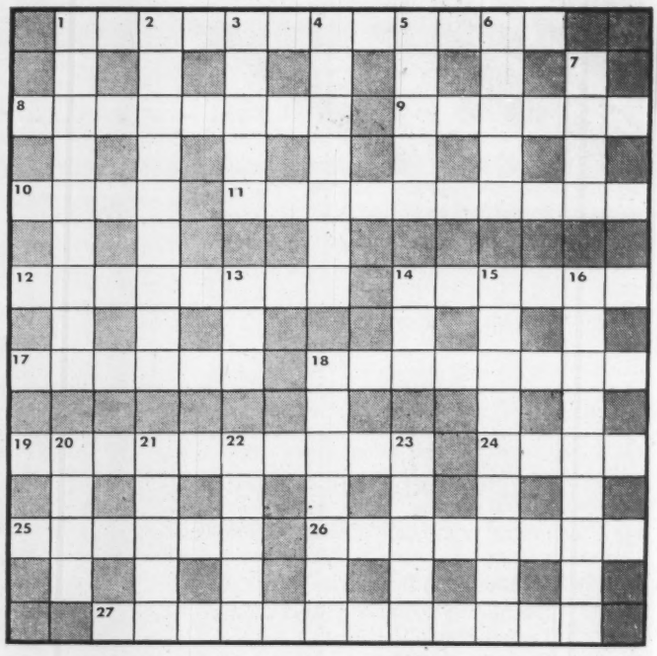
Solution of Problem No. 189 (Williams). Key, 1.B-Kt5.

Problem No. 190, by W. A. Beers. White mates in two. (7 + 8)



Filling In Time

By Louis and Dorothy Crerar



ACROSS

1 See 9.
8 Gert sags when she does. (8)
9, 1. It appears he's simple at heart. (6, 2, 10)
10 See 27.
11 At a change of sex I cringe, but it's probably doing me good. (10)
12 Here, man, if old, should join up. (8)
14 I'd go back to this, though it cause suffering. (6)
17 "The Turn of the Screw" needs this for a good performance. (6)
18 Beaten? It's finished at the start! (8)
19 Two pets are brought back by tying them together. (4, 2, 4)
24 Section of a by-law no one heeds to keep off. (4)
25 Snakes alive! Look at her hair! (6)
26 Oh! It goes to these in 1D. (8)
27, 10 Yet it was no doubt in the language of the country. (3, 4, 2, 3, 4)

DOWN

1 A poet so taken up with the head of 17. (9)
2 Stravinsky depicts one in "Le Sacre du Printemps" and there's a page about a train wreck. (5, 4)
3 Concerning the first lady to be head of a 10. (5)
4 See 16. (7)
5 I'm in, I'm up, and all at sea, by the sound of it. (5)
6 Sticks and stones but not these may hurt me. (5)
7 A new way to leave the bottle alone? (4)
13 O dear, dear! Both listeners have left! (3)
14 The girl to woo. (3)
15 Re 9. (9)
16 "It isn't really Anywhere! It's . . . else 4!" (A. A. Milne) (9)
18 But you don't have to sell out to do this to your competitor. (7)
20 Row caused by a disturbance in 2's ceremony. (4)
21 The kangaroo's buggy! (5)
22 This could cause an uprising in many Eastern states. (5)
23 The Irishman gets most of it and I get nothing. (5)

Solution to last puzzle

ACROSS

1 India ink
6 Mascot
9, 22. Gift of the gab
10 Cabarets
11 Beaker
12 Idleness
14 See 8
16 Snug
17 Belfry
19 Bemuse
20 Site
21 See 17D
23 Backfire
25 Ethics
27 True bill
29 Ingrid
30 Wedged
31 Highball

DOWN

2 Noise
3 Intake
4 Inference
5 Kicking
6 Mabel
7 Strangle
8, 14. Outlay
13 Syria
15 Arena
17, 21. Battering ram
18 Duck's egg
20 Stealth
22 See 9
24 Iliad
26 Chill
28 Rye (439)

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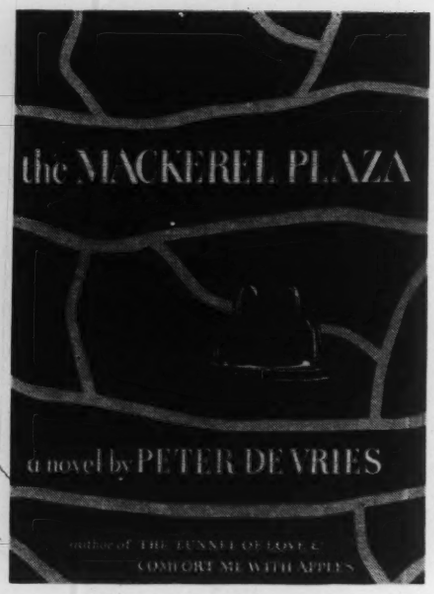
Books

by Robertson Davies



Jacket Design

Avant-Garde: Blank File

What marks a comic novelist of the better sort? A comic appreciation of life? The ability to create characters and situations funny in themselves?

CANADA IS NOT the only country to be plagued by morbid doubts about its cultural stature. The March issue of *The London Magazine* contains a Foreword, presumably by the editor, John Lehmann, who is bothered about what answer he should give to Frenchmen who ask him to name the young writers in the *avant-garde* in Britain today. In Canada we fuss about what the English will think of us: in England they fidget about the opinion of the French. The French do not care what anybody thinks; perhaps that is why they have been able to impose upon the world the belief that there is something especially fine about their literature.

Mr. Lehmann thinks that he would have to tell his enquiring Frenchman that Kingsley Amis is of the English *avant-garde*, but it embarrasses him to do so. Amis is not an innovator or an experimenter; indeed, Mr. Lehmann is compelled to say that his latest book, *I Like It Here*, is "conventional and undistinguished in its prose means, conventional too in its comic effects". In other words, very ordinary stuff. What is interesting is that it appears to surprise Mr. Lehmann and several other English critics that this should be so.

A critic less determined to discover *avant-garde* movements, even where they patently do not exist, can feel no surprise about the drop in Kingsley Amis' work. *Lucky Jim* (1954) was an original and promising comic novel, but English critics blew it up into a prodigy, and foresaw great things for its author. *That Uncertain Feeling* (1955) which dropped sharply below the quality of its predecessor, did not bring them to a sense of proportion. *I Like It Here* is the dregs of Amis. I think the critics are at fault; they smothered Amis in roses, they blew him up with gas, and they did not allow him to develop naturally.

His latest book is an exhibition of the dreariest elements in his equipment as an author. It is about a writer (very like Amis) who is persuaded to go to Portugal to talk to a distinguished novelist who has been living a retired life for many years. The great joke is that the writer hates and fears travel, dislikes foreigners, and loathes people who boast of their acquaintance with "Abroad". A very good joke it is, but Mr. Amis has not dealt adequately with it.

He has relied on a good deal of bladder and toilet fun, and he is not above the jejune device of confusing "word" with "turd". Any tiresome duty or work he classifies as "bum"—a noun which appears to send him off into schoolboy sniggers. There are whole bum-sequences on pages 33, 36 and 55, and he extends this exquisite device by such variants as "buttocks" and "nates". He tops this drollery by the use of a once-unprintable word on page 175. This is not *avant-garde;* perhaps it is *l'esprit de la chaise-percée.* Sparingly used it is funny; wholesale it is a bore.

If the book were merely the ineptitude of an unknown, there would be no need to pick at it. But it is by a writer who has been greatly praised, and who still seems to be as *avant* as the British *garde* goes at present. And it has things in it which show how good Amis can be when he applies himself; the description of lecturing to foreign students who ask questions about Grim-Grin (Grahame Greene) and Edge-Crown (A. J. Cronin) is very funny; so is the long parody of a neo-Jamesian writer on pages 110-12; this is what his invention can do when it is in high gear. But is it really amusing to call so beautiful a poem as *The Dream of the Rood* "a piece of orang-utan's toilet-requisite" simply to keep up the tiresome anti-intellectual pose which is the stamp of Amis' special brand of Angry Young Manhood? To be wittily scatological is one thing; to be a foul-mouthed oaf is another, and I doubt if the twain shall meet, even in the *avant-garde.*

Not only has Mr. Amis been pumped up as a writer; he has also been encouraged to pin medals on other breasts, as a critic. Of Anthony Powell he has written, "I would rather read Mr. Powell than any English novelist now writing". He might with profit study Mr. Powell's careful professionalism, and especially that form of self-denial that makes Powell's novels truly comic. And of Peter DeVries Mr. Amis has written, "I would rate Peter DeVries the funniest serious writer to be found either side of the Atlantic". Perhaps Mr. DeVries is expected to reply in kind, but so far he seems not to have done so. He has, however, lifted some of the face-making and telephone-impersonation fun from *Lucky Jim.* Imitation may be the sincerest form of flattery, but it is not so pleasing to its subject as a good, butter-slinging article in a widely-read literary review.

Mr. DeVries has published his fourth novel. *The Mackerel Plaza,* and it is a very funny book, showing improvement on his earlier ones, which were also funny. What does Kingsley Amis mean when he calls DeVries a serious writer? I imagine that he means that DeVries takes his writing seriously, and does it as well as he can, which is what Mr. Amis seems not to do. But if he also means that DeVries writes about serious matters—the condition of man, or society—there is room for doubt. Perhaps he will do so in time.

At present, however, he appears to suffer from a nervous fear lest he should, for a few minutes, cease to be obviously funny. That is why he sows his books thick with puns and word-plays which explode like firecrackers in the reader's face. In his latest book, the hero is Andrew Mackerel, a parson; he seems to be called Mackerel simply in order that DeVries may introduce a few cracks about Holy Mackerel. Permissible? Of course. But was it wise to put in the same book a stout detective called George Chance, merely to call him Fat Chance a couple of times? This suggests a lack of self-confidence which is wholly unjustified in a writer as truly witty, and as potentially humorous, as Mr. DeVries.

What marks a comic novelist of the better sort? A comic appreciation of life? DeVries has it. The ability to create characters and situations funny in themselves? He has this too, though not in so high a degree. But a novelist with these gifts can spare himself the trouble of popping off verbal jokes, telling funny stories, contriving misuses of words, and all the mechanical contrivances with which Mr. DeVreis loads his books. One of the finest comic novels written in our time is the late Joyce Carey's *The Horse's Mouth*, and I cannot recall a single verbal joke in it. But we shall remember Gully Jimson when the Rev. Andrew Mackerel is one with *Fibble, D.D.*, another comic cleric invented by Irvin Cobb.

The charming thing about Mr. DeVries, however, is that he is serious about his work and he will probably some day cast off the shackles of mechanical fun. A single character emerges as the hero of every one of his books—a man of lively, witty mind, somewhat paranoid in character, who gets into a rut of mishap and cannot escape. Through this character DeVries revolts against conventionality and pomposity and dullness of mind, but in the end the misfortune which he seeks to escape always gets him. This is unquestionably a fertile field for humour, but it is safe to predict that Mr. DeVries will do better yet. Whatever Kingsley Amis may say, DeVries is not the equal of Thurber (to name but one) whose vision of life is broader, and his hope greater. But again, at the risk of laboring the point, I must repeat that DeVries is a serious craftsman, and serious craftsmanship, allied with talent, is what wins the day.

For the life of the novelist, comic or serious, is a long one and he is a lucky man who is not so early spoiled by the critics, so fawned upon by the literary weeklies, so prematurely commissioned in the *avant-garde* (merely in order that national embarrassment may be avoided when Frenchmen ask questions about that largely illusory body) that he is debauched, as Kingsley Amis has been. I

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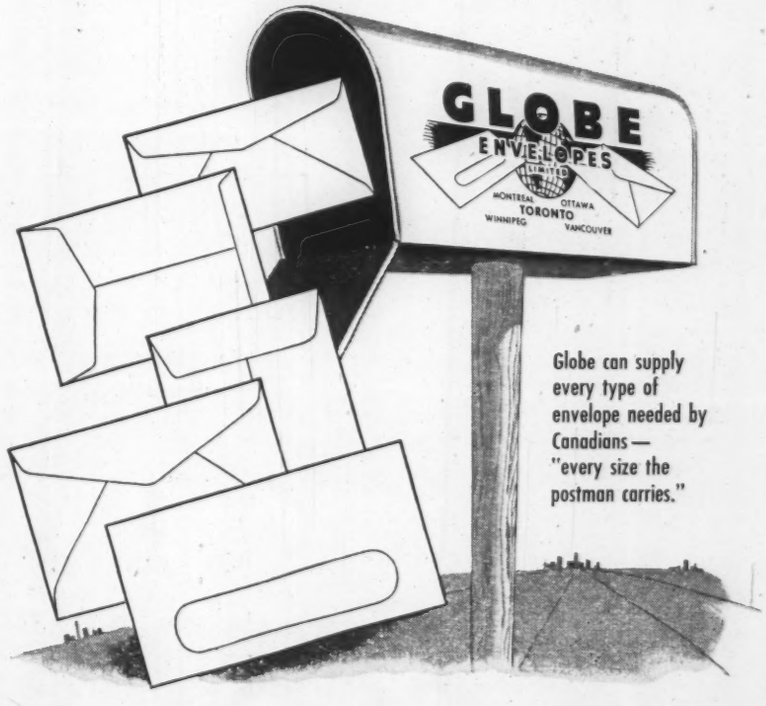

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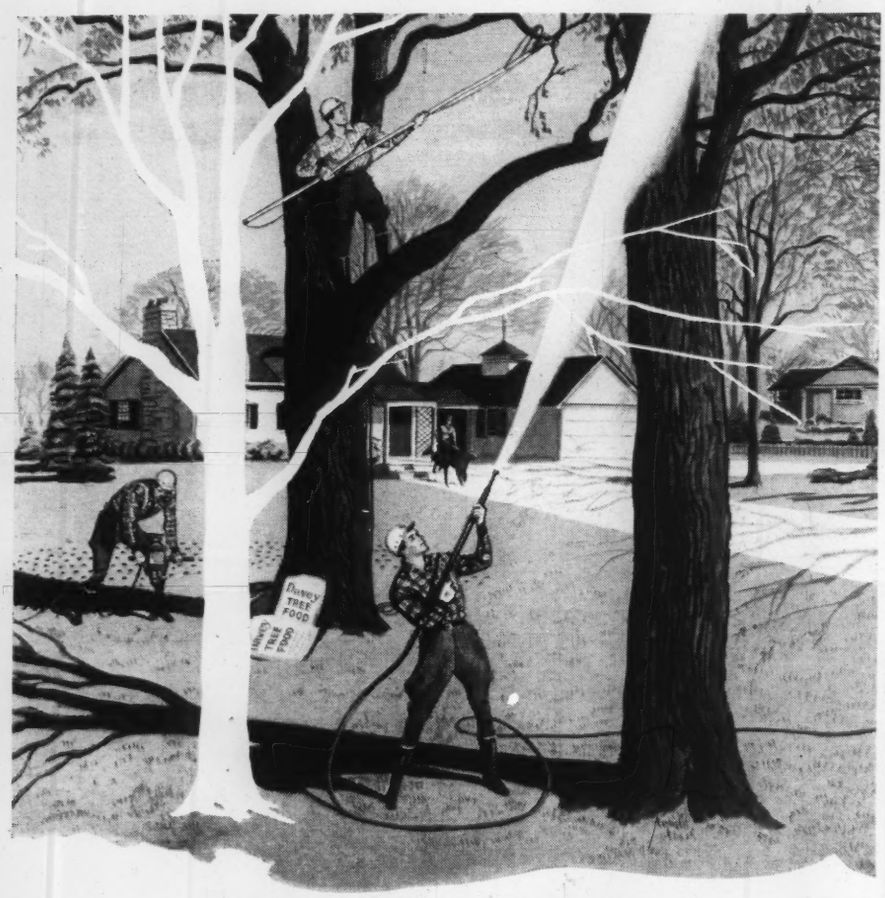

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shall take up Mr. DeVries' next book with great expectations; I wish I felt the same about Mr. Amis.

I Like It Here, by Kingsley Amis—pp 208—*Doubleday—$2.75.*

The Mackerel Plaza, by Peter DeVries—pp. 260—*Little Brown—$4.50.*

Future of France

Lieutenant In Algeria, by Jean-Jacques Servan-Schreiber, translated from the French by Ronald Matthews—pp. 212, appendix—*McClelland & Stewart—$4.00.*

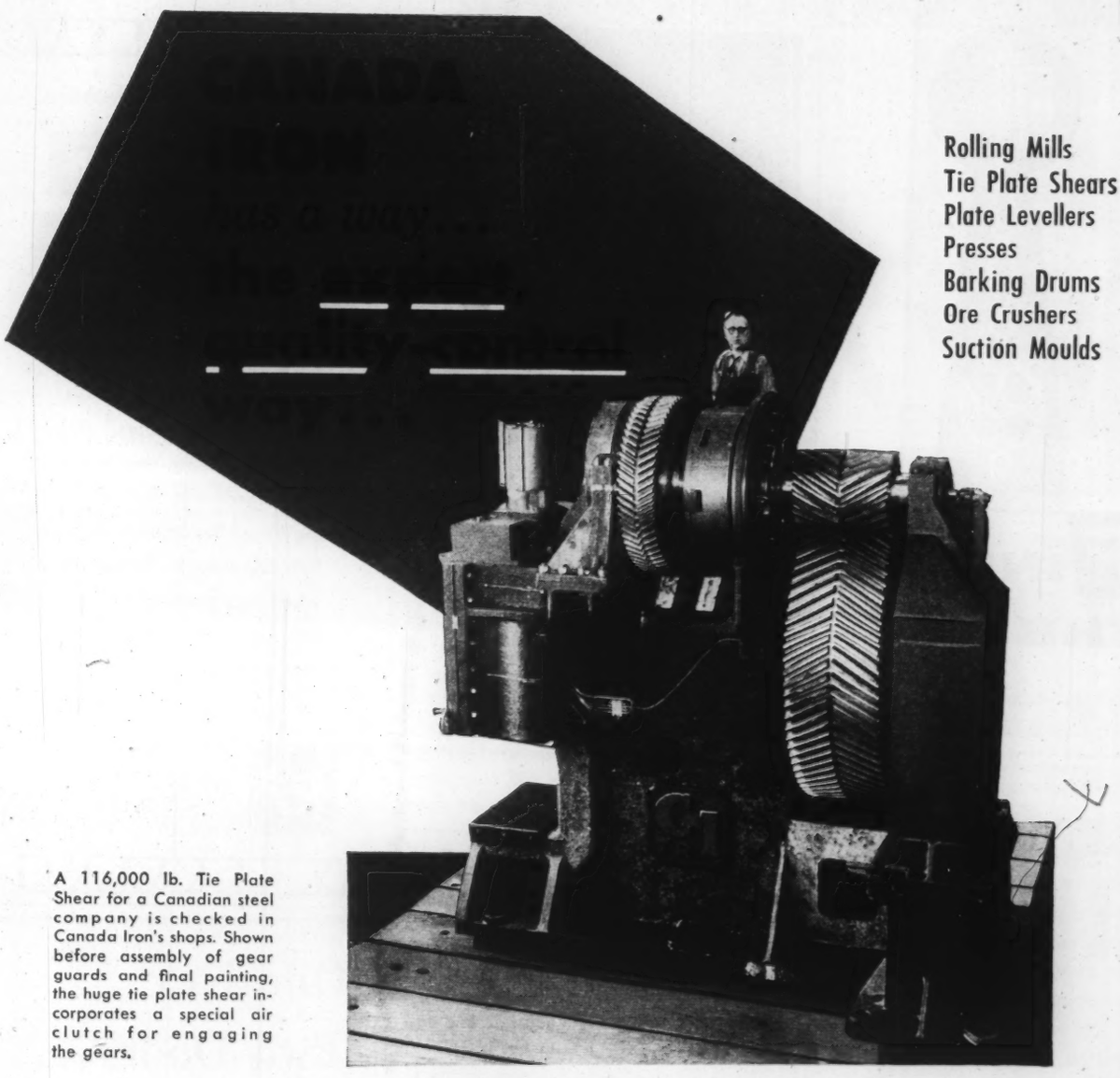
THE SINISTER reasons for the political fiasco in Algeria are described by the young editor of the Paris weekly *L'Expres,* who, as a reserve officer, was drafted for a period of active service in North Africa. He returned with the conviction that Algiers, the capital of the war, is also now the capital of France, for there the whole history of France is being written.

The problem, which has by now become incredibly complex, hinges on the struggle, at two extremes, between those French who believe in protecting vested interests at any price and who regard the army as a police force, and a small minority who believe that the only hope is to forge bonds of human trust between the French and the Arabs. The first alternative leads to fascism; the second offers the only hope of rescuing the honor of France. Between the two are caught the French settlers in Algeria as well as the various elements of the native population.

Expressed in a style occasionally reminiscent of Saint-Exupéry, the theme that emerges is significant for more than France alone.

"Sure," said one of the comrades-in-arms, "maybe the gooks aren't men; but then all of us are gooks." M.A.H.

Servan-Schreiber: The whole history.



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From the Jacket.

The Man Behind

Arthur Schnabel, a biography of Cesar Saerchinger — pp. 314 — bibliography of Schnabel's compositions and recordings—index — numerous photographs — *British Books — $7.75.*

OF ALL ARTISTS, musicians are perhaps the most difficult subjects for biography. If they are composers, the body of their work seems more important than a compendium dealing with its composition. If they are performers, it is even more difficult to convey to a reader the essential quality that distinguished them. This is well illustrated in Cesar Saerchinger's book. He has amassed a tremendous store of facts and he presents them with all the fervor of a devoted admirer and fellow musician.

But it is no substitute for Schnabel in the concert hall or on recordings, and its author would be the first to admit this. Mr. Saerchinger's book is an excellent one, thoroughly documented, full of lively anecdote about an exceptional person and written with style and taste. It probably comes as close as anyone is likely to come in expressing in words the particular genius of Schnabel. It contains a discerning introduction by Clifford Curzon and valuable supplementary material on Schnabel's composition, programs, and recordings.

F.A.R.

Full-Blown Life

Naked to Mine Enemies, The Life of Cardinal Wolsey, by Charles W. Ferguson —pp. 501—annotated and indexed—*Little, Brown—$6.75.*

THIS IS A MASSIVE biography of Thomas Wolsey, son of an Ipswich butcher, who rose to become Cardinal and virtual ruler of England during the rein of Henry VIII. Brilliant, vigorous, immensely diligent and a genius at organization, Wolsey was the prototype of the superbly competent civil

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servant. Or he would have been, had he not had a flair for the dramatic and a love of ostentation that refused to let him take second place to anyone except his king, and, when he happened to remember his existence, the Pope. (Mr. Ferguson makes a nice point about what he labels Wolsey's "vestigial conscience" in the affair over the divorce that finally brought the Cardinal down.)

The author has done immense research on his subject, but he has become so enthralled with it that he seems to have been unable to leave out a single detail of the complicated social history of the period. Only the fact that he is an exceedingly able writer with a flair for the unusual and vivid phrase to light up his long passages of background material keeps the reader going through the early stages of this book. It would have been better for some judicious cutting, a curious charge to level at a senior editor of *Reader's Digest*. F.A.R.

The Fourth Step

Poetry In Canada, by R. E. Rashley—pp. 162, notes, index—*Ryerson—$4.50.*

AFTER THE LONG dearth of good critical writing in Canada, this is the fourth volume of real excellence to appear in as many months. Ryerson Press can claim the distinction of having sponsored most good work of this kind over a period of years. One wishes only that such books could cease to resemble old-fashioned high school texts!

Mr. Rashley, who teaches English in Saskatoon, traces Canadian poetry through its first three steps. In the first step he assesses the significance of immigrant and pioneer poetry. He follows the influence of "The Sixties Group", which he calls the second step, down through the nineteen-twenties. In the subsequent third step, Canadian poets interested themselves more in human than in external nature. And now:

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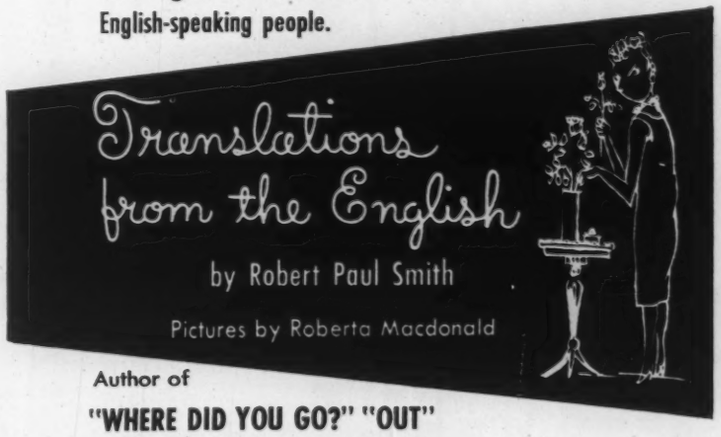

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tendencies or for a new crystallization of the country's poetry into a fourth group."

This account is historically interesting because it describes and quotes from many early poets who are generally unknown. Its value as criticism is found especially in the patterns of trends and influences which a perceptive critic sees in Canadian poetry. M.A.H.

Books Received

The March Up Country—Xenophon's Anabasis (translated by W. H. D. Rouse)—*Ambassador—$5.50.*

Russia the Atom and the West (Geo. F. Kennan)—*Oxford—$2.25.*

Translations from the English (Robt. Paul Smith)—*Musson—$2.49.*

Wine of Life (Charles Gorham)—*S. J. R. Saunders—$4.95.*

The Icicle and the Sun (William Sansom)—*Clarke, Irwin—$4.00.*

A History of the English Speaking Peoples Vol. 4—The Great Democracies (Churchill)—*McClelland & Stewart—$6.50.*

What Makes Women Buy (Janet Wolff)—*McGraw-Hill—$6.90.*

Photography: A Craft and Creed (Sir Ellsworth Flavelle)—*Burns and MacEachern—$4.50.*

The Theatre of Robert Edmond Jones (edited by Ralph Pendleton)—*Wesleyan University Press—$12.50.*

This is The Mass (Henri Daniel-Rops)—*McClelland & Stewart—$4.95.*

Exile and The Kingdom (Albert Camus)—*McClelland & Stewart—$4.00.*

The Dream of The Red Chamber (Hung Lou Meng)—*McClelland & Stewart—$8.50.*

Park Row (Allen Churchill)—*Clarke, Irwin—$5.75.*

Salome (Oscar Wilde — illus. Aubrey Beardsley)—*British Books—$6.50.*

The Marches of El Dorado (Michael Swan)—*Clarke, Irwin—$5.00.*

The Mother (Bernice Kavinoky)—*Clarke, Irwin—$3.50.*

The Voyage of The Lucky Dragon (Ralph E. Lapp)—*Musson—$4.25.*

All That Fall (Samuel Beckett) — *British Books—$1.00.*

Adventure In Search of a Creed (F. C. Happold)—*British Books—$3.50.*

George Moore Letters to Lady Cunard—1895-1933—*British Books—$6.00.*

On Not Being Able to Paint (Marion Milner)—*British Books—$4.50.*

Writers at Work (edit. Malcolm Cowley)—*Macmillan—$5.75.*

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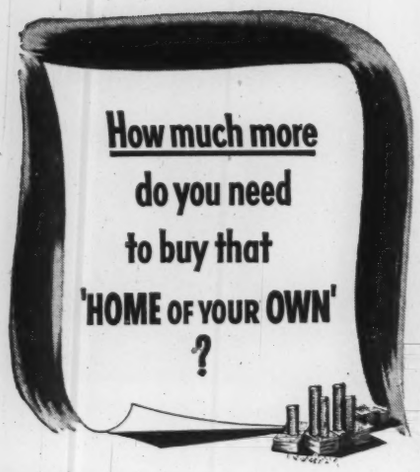

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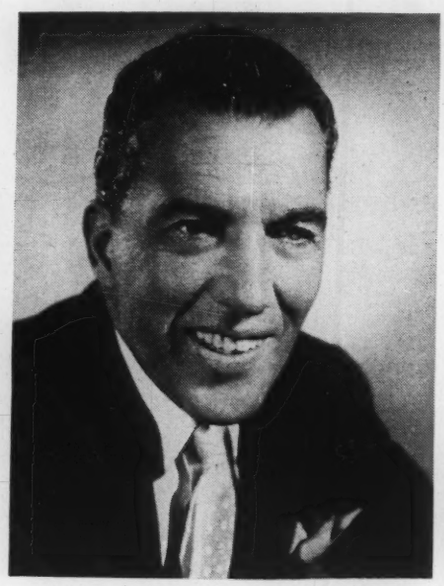

Sullivan and Allen: Habit is the most dependable factor.

The Lively Arts

by Mary Lowrey Ross

The Variety Program

AFTER A DECADE or more of experimentation, television appears to have settled down to half a dozen stock patterns — the half-hour drama, the quiz-cum give-away program, the Western, the serial, the interview, the variety show. They depend for survival on a number of factors, all reliably rooted in human nature — curiosity, love of the chase, a sort of vicarious cupidity which makes us gloat happily when someone wins a Grandma Moses mural or a twenty-one day African safari.

It may very well be, however, that the most dependable factor of all is habit, the special inertia that makes it seem less trouble to watch a program than to cross the room and turn it off. This at any rate would seem to account for the continuing success of the Ed Sullivan Variety Show, which promises to survive as long as television itself.

The Sullivan show comes along at the most relaxed hour of what is, for many, the most inert day of the week, and this is an immense advantage to start with. It has plenty of variety all characterized by an inextinguishable sameness. The hand-balancing act will be followed by a vocal trio. There will be a teeter-board novelty and Kate Smith will sing. Elvis Presley may be revealed, strictly from the waist up, and Anna Magnani may appear (on film) to announce the six greatest living performers—in the movies, naturally, and not in hand-balancing or teeter-board circles, for there are no surprises on an Ed Sullivan show.

You can wander away for a quarter of an hour and come back to discover that nothing has altered except, almost imperceptibly, the numbers. The show is vaudeville, but vaudeville with none of the gaminess that gave the old-fashioned institution much of its vitality. Instead we have feats of staggering physical co-ordination interspersed at regular intervals with musical solos, trios and quartets. It is, in fact, a ritual, which is always a great comfort to the faithful. The rest of us can go along with it, through sheer grateful inertia.

The Steve Allen show also follows a familiar form, without any marked innovation. It doesn't pursue it rigorously, however, since Allen himself is a man of lively and irreverent talent. In contrast to Ed Sullivan, who dominates his material, giving it a massive monotony of tone even when he is nowhere in sight, Allen, who is always in sight, manages to energize his program continuously.

He doesn't share the Sullivan enthusiasm for acrobatics and if there is any balancing act in the program it is provided by Allen himself as he steps briskly

from one role to another, keeping things going and neat-handedly rescuing material that threatens to collapse from overweight. The Allen comedy sketches aren't unfailingly funny, but they rarely fall flat on their faces; so that on the whole it is the sort of show you can approach with expectation, and not in a state of drugged lassitude because there is absolutely nothing better to do. Usually, there *is* nothing better to do, at any rate at that particular hour, on television.

The Ed Sullivan and Steve Allen shows derive from vaudeville and revue. The Jack Paar show, however, is something that could be evolved only on television. In its own fashion it is an original, in a field where originals rarely flourish—a sort of causerie among intimates which has a wonderful air of being entirely unrehearsed, as though a number of affable but sightly addled people had gathered around a favorite bar. "Well, what will we talk about tonight, Dodie?" Jack Paar asked Dodie Goodman, who came up at once with something she had read, probably upside down, from a textbook on etymology.

It is hard to say what made Dodie Goodman funny, or even to be quite sure that she was being funny at all. This doesn't matter, however, since she invariably got the laughs even when she was delivering a commercial.

When conversation shows signs of flagging Jack Paar produces a gimmick from his endless stock of mechanical toys and guests and regulars join in with rumpus-room enthusiasm. Then the causerie is resumed and sometimes it sounds eerily like something you might catch on a party line and sometimes—when Paar is nursing the program along to one a.m. — you have the feeling of sitting up with an ailing but cheerful friend. I have never sat a Jack Paar show quite through; but I am always finding myself going back to it.

Jack Paar: Sitting up with a friend.

Who will help Gabriella?

Gabriella is six, the eldest of three children. She never slept in a bed. She goes to school because she gets one free meal a day. She has no others. She never owned a toy. Home is a hut, 9 x 12. The walls are of cardboard in spots where the logs have rotted away. The floor is earthen . . . there are no facilities. Gabriella's parents survived the war in Italy, but now there is no employment. Their hearts are torn, for they cannot help their child . . . not even comb her hair . . . they do not own a comb. Gabriella's hunger is unappeased, her misery deep. She cannot smile. Help to this family means hope instead of despair . . . a chance to live. Won't you help her and her weary parents or other distressed children . . . many without one or both parents? They can only look to you.

You, alone, or as a member of a group, can help these children by becoming a Foster Parent. You will be sent the case history and photograph of "your" child upon receipt of application with initial payment. "Your" child is told that you are his or her Foster Parent. All correspondence is through our office, and is translated and encouraged. We do no mass relief. Each child, treated as an individual, receives food, clothing, shelter, education and medical care according to his or her needs.

The Plan is a non-political, non-profit, non-sectarian, independent relief organization, helping children in Greece, France, Belgium, Italy, Western Germany, Viet Nam, and Korea. International headquarters is in New York. Financial statements are filed with the Montreal Department of Social Welfare and the Toronto Board of Trade. Full information is available to any competent authority. Your help is vital to a child struggling for life. Won't you let some child love you?

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Records

by William Krehm

Mahler: *The Song of the Earth, Songs of a Wayfarer.* Concertgebouw Orchestra of Amsterdam, Eduard van Beinum, Conductor. Soloists, Nan Merriman, mezzo-soprano and Ernst Hafliger, tenor. *Epic SC 6023.*

Richard Strauss: *Domestic Symphony.* Fritz Reiner and Chicago Symphony Orchestra. *RCA Victor LM-2103.*

RECORDS, I FEEL, should be listened to in relation with one another, and these two excellent releases afford us an interesting comparison of the two towering figures who dominated the world of music at the beginning of the century.

Richard Strauss won early fame with his daring tonal canvasses in which he put down just about everything that met the eye in sweeping musical brushstrokes. On the other hand during his lifetime Mahler was appreciated primarily as a conductor. His huge introspective symphonies are haunted by ghostly reminiscences and presentiments of doom. They echo with snatches of military tattoos, cafe music, even childhood nursery ditties. On the strength of that they have often been dismissed as commonplace, but these bits of trivia carry such an overburden of association that they move you in a way no other composer can.

Like that other master of nostalgia, Marcel Proust, critics have taken Mahler to task for rambling on. But actually in either of them that is no fault to be corrected by a sharp, blue pencil: it is an essential element of style not unrelated to the outpourings of the patient on a psychiatrist's couch.

It has taken the world some decades to catch up with Mahler's sense of spiritual uprootedness, his devouring sense of loneliness. But today by all indications we are on the threshold of a Mahler boom. And there is no better introduction to Mahler than the *Song of the Earth* given on the present disc.

For there are two aspects of Mahler's creation. In his second and eighth symphonies, he is a man in quest of a faith. And it is in these works that his writing tends to become overblown, his orchestra to run into legions — as though he were determined to drown his doubts in decibels. But *The Song of the Earth* was written by a man who had put behind him the last shred of illusion, and the scoring is of a finesse that verges on chamber music. The work is based on some German translations of Chinese

poets, and it expresses an epicurean pessimism with all the delicacy of a Chinese print.

Van Beinum, who learned his conducting as an apprentice of one of Mahler's earliest and greatest champions, Willem Mengelberg, conducts the work in the great tradition. Of the soloists, Nan Merriman in particular does a distinguished job.

The Strauss opus is poles apart. It is a musical diary of a day in the composer's life, and though the scale is huge, the theme is of perfectly uncomplicated family bliss. You follow the baby to its bath and to bed. Richard Strauss reveals himself a perfectly adjusted middle-class citizen, who sleeps and snores soundly, plays card games for petty stakes, keeps close tabs on his royalties, and is henpecked by his wife (e.g. the family dispute in the final movement, or for further details consult Mrs. Mahler's biting memoirs — the Strausses and the Mahlers were family friends). It is good music, even music of genius, but its com-

poser never suspected the existence of the purgatory within us to which Mahler holds the key.

And that is why Mahler, who so magnificently anticipated the neuroses of our own age, is rapidly eclipsing Strauss today. Reiner's performance is tops. Sound good.

Bach: *Partitas 5 and 6.* Glenn Gould. *Columbia ML 5186.*

Once more Gould works his wonders with Bach. His way of lifting the notes off the printed page and endowing them with bowels, lights and liver; the endless variety of weights and measures in his touch, the keenness of his perception, mark him out as one of the really great pianists of our day. The tempi — especially when things get rolling — are not always those hallowed by tradition. But Gould's insistence upon approaching everything afresh and without bias is so rewarding that it takes little effort to overlook the occasional unconvincing tempo. The Sixth Partita in particular is given a masterly reading. Sound good.

The Sounds of Spain: *Columbia WL 110.*

Unlike most releases of Spanish popular music, this disc contains nothing that has been prettied up for tourists, or denatured with the clichés of Tin Pan Alley. It is the authentic raw material, still steaming hot from sun-baked squares and smoke-filled dives, from which Albeniz and de Falla drew their inspiration. In addition to the guitar, you can hear on it such vernacular instruments as *bandurrias* (Spanish mandolins), a grind-organ, a Galician giant tambourine and Galician bag-pipes. And last but not least there is the shrill and vital vulgarity of Imperio de Triana, one of the outstanding popular singers in Spain today. Sound good.

Mendelssohn: Fingal's Cave Overture. Symphony No. 3 "Scotch". Antal Dorati and London Symphony Orchestra. *Mercury MG 50123.*

On this disc Dorati brings together the two masterpieces for which Mendelssohn put on kilts and sporran. Performance fine and recording good.

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Future for uranium bonds—Subsidiary of U.S. Steel—A strong unit in a cyclical industry—A mining gamble.

Cockshutt

What is the prospect of Cockshutt Farm Equipment Ltd.? — H.D., Moose Jaw.

Cockshutt Farm equipment is a strong unit in a basic but cyclical industry. Operations of the farm-equipment industry are subject to extremes of supply and demand. It has picked up a little steam latterly but best experience suggests the folly of assuming that this will carry through for the entire year 1958. It is, however, possible to be hopeful. The trend to mechanization of farms is mounting in many sections of the world. Cockshutt, for example, has decided to invade the Mexican market via manufacturing facilities in that country. World population is increasing and standards of living, which include the diet, are moving up. Any well-established and properly financed farm-equipment company should do well over the long term.

Cockshutt has outstanding 1,071,310 shares of common stock, preceded by only about $8.3 million funded debt. Working capital at October 31, 1957, was $23.2 millions. Since the stock has been selling around only $8 a share, the buyer is getting in below breakup value of quick assets, after funded debt, and is paying nothing whatever for the physical assets. One apparent reason for the existence of this gift-horse is that the company's earnings declined to 27 cents a share in the year ended October 31, 1957, from 60 cents a share in the previous year. As might be expected the stock does not pay a dividend; it has not since 1954.

Let the implement industry show a well-defined upward trend and this stock should enjoy substantial appreciation. In the meantime, steadiness can reasonably be looked for.

Eureka Corp.

Should one continue to hold Eureka Corporation stock? — L.T., Victoria.

Eureka is not an unattractive gamble for any one who can afford to bet on an outsider. Vested in the company, which is affiliated with Ventures, is a base-metal property in Nevada. This gave drilling indications of a major deposit and Eureka went in to tap it some years ago but ran into water trouble. It then suspended this effort in favor of a look at a more immediately promising section of the claims but had to cope with declining metal prices.

Any one staying with Eureka is betting the company will be able to retain its interest in an extremely lively property long enough for the metal-price wheel to come full circle. The water troubles, while serious, should be viewed against the background of increased engineering knowledge in modern times.

Other readers might note that the Eureka property is in the U.S.A. and that these columns are committed to fostering investor participation in sound resources developments in Canada. Eureka, being incorporated in a Canadian province, we make an exception in our usual policy of confining comments to Canadian enterprises.

Quebec Cartier

Why is there no stock of Quebec Cartier on the market? — S.B., Winnipeg.

Quebec Cartier is a wholly-owned subsidiary of United States Steel Corporation which has not seen fit to offer the public any participation in the Quebec Cartier iron operation. Failure of U.S. companies to offer the Canadian public a financial interest in enterprises in this country is a point on which Americans are scolded from time to time by a certain type of Canadian writer and politico. It is, however, to be doubted if some of the most vociferous in their demands for participation in Canadian subsidiaries of U.S. enterprises would recognize a good investment if they saw it.

The advocates of Canadian participation in such companies started to crow a few months back when the Canadian government made a change in income tax laws respecting these companies. Under the modification, shareholders of a Canadian subsidiary of an American company pay a reduced withholding tax on dividends under certain conditions, but since tax payments made in Canada are only credited against tax liability in the U.S., the effect of the modification is practically nil. The advocates hailed the change as a forward step but since it took place there has been no rush to convert Cana-

dian subsidiaries of American firms into public companies. In fact, none have so far been converted.

The ownership area is simply one section of a broad attack on American domination of many segments of Canada's economy. It is alleged, possibly with justification, that affairs of Canadian enterprises are run so as to enable the parent American companies to pre-empt export markets. It is also claimed that Canadians aren't promoted into top-management jobs in the subsidiaries, and that the latter are sometimes run by absentee owners over the long-distance telephone from Oskosh or Podunk. The noisiest critics don't seem to realize or to be willing to admit that Canada is several laps behind the U.S. industrially and that it will be some years before this country has developed its native executive potential.

The main hope for American companies offering shares in their subsidiaries hinges on the question of good will. The most opinion-conscious operators will doubtless recognize the wisdom of admitting to partnership the citizens of a country which is the locale of the enterprise.

This type of sharing may not be as simple as it sounds. There will be questions of apportionment of costs of U.S. patents, research etc. which do not bother a company when it is accountable only to itself. Another obstacle lies in the size of many subsidiaries. They are not large enough for their securities to command as high a price as the parent company's. To grasp this point, take a look at the number of smaller Canadian companies with listed stocks, the market valuation of which is lower in relation to real values than in the case of larger companies.

Uranium Bonds

Do you think bonds and debentures of producing uranium companies are any more of a buy in the light of the additional uranium which the United Kingdom is buying through Eldorado Mining & Refining? — W.A., Windsor.

The contract which Canada and the UK recently made covers only $105 millions uranium and does not involve any added production since the material will simply be diverted from deliveries of uranium for which contracts in other quarters already existed.

But even if the British contract did involve new production, it would not greatly change the situation respecting the bonds and debentures of the producing uranium companies. Opinions as to the merits of these securities continue mixed with the pessimists having a shade the better of the opinion at the present time. The securities are available at discounts as much as 20 per cent from parity and simple interest returns range up to seven per cent

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NOTICE is hereby given that a dividend at the rate of thirty-five cents per fully-paid share on the outstanding Capital Stock of this Bank has been declared for the quarter ending April 30, 1958, payable at the Bank and its branches on May 1, 1958, to shareholders of record at the close of business on March 31, 1958.

BY ORDER OF THE BOARD
J. P. R. WADSWORTH,
General Manager

Toronto, March 14, 1958

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NOTICE is hereby given that the following dividends have been declared:

NO PAR VALUE
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A dividend of seventeen cents (17c) per share for the quarter ending March 31, 1958 payable May 23, 1958 to shareholders of record April 15, 1958.

NO PAR VALUE
CLASS "A" COMMON SHARES
DIVIDEND NUMBER 5

A dividend of thirty three and one third cents (33 1/3c) per share payable May 15, 1958 to shareholders of record April 18, 1958.

By Order of the Board,
R. R. MERIFIELD,
Secretary.
Montreal, March 26, 1958.

IMPERIAL BANK OF CANADA

DIVIDEND No. 271

Notice is hereby given that a Dividend of Thirty-five Cents (35¢) per share has been declared for the quarter ending 30th April, 1958, payable at the Head Office and Branches on and after Thursday, the 1st day of May next, to shareholders of record of 31st March, 1958.

By order of the Board.
E. J. FRIESEN,
General Manager.

Toronto, 5th March, 1958.

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for four years. If redeemed at par, the 20 per cent appreciation which to-day's buyer would get in some cases would not be taxable since it would be a capital gain.

The bears on the uranium securities claim that the financial positions of several of the companies are overextended. They claim that some units will have to do more financing to carry them over the period between credits from sale of production and meeting of commitments for sinking funds and completion of production plans.

Bulls on the uranium securities point out that their redemption by maturity is practically assured by government contracts for the companies' output. They also claim that the British fusion process for generating power will not affect, let alone compete with, uranium for 20 to 40 years.

What is probably holding uranium securities down as much as anything is the fact that the material does not yet enjoy any market apart from what governments are buying. Investors are notably allergic to supporting industries which go to the government with their hats in their hands.

Cochenour Willans

What's back of the sprint Cochenour Willans staged? — W.B., Halifax.

Cochenour has won a new lease on life, largely as a result of deveopments in the new west mine. This has enabled an improvement in grade to the mill and is estimated to contain sufficient ore to maintain operations for some years.

The depth possibilities of the property are also being reappraised by speculators. For some time, the mine has been thought of by many as being a shallow one, because development was not carried below 1,000 feet. The 1,000 level has, however, opened up better than any of the upper levels and the next level below it looks just as good.

Cochenour enthusiasts point out that the nearby Campbell and Dickenson mines are opening up better at depth.

Nickel in Ungava

I am thinking of taking a flier in stocks of some of the companies prospecting along the Ungava nickel belt. Can you recommend them? — C.B., Winnipeg.

Prospecting for nickel in Ungava is highly speculative. Success would require the finding of nickel of such grades and in such quantities as to offset the disadvantages of the remoteness of the area and the strong hold which International Nickel has on the nickel market. While large nickel consumers would probably welcome competitive sources of metal supply, the chance of this coming from Ungava is something else again. At the same time

the possibilities of the area are not to be depreciated, notwithstanding the withdrawal of American Smelting. They should however, be viewed as possibilities only until enough work has been done to promote them into a higher category.

In the meantime stock prices can be expected to respond to the stray winds which blow in speculative securities markets and your guess as to which way the winds will blow is as good as any one else's. Just don't fall into the error of treating any bet as a sure thing. And be sure to weigh the odds.

Cochrane-Dunlop

Is Cochrane-Dunlop Hardware Ltd. paying any dividends on the common stock? — J.S., Kingston.

Cochrane-Dunlop inaugurated dividends on its common stock on August 1, 1957, when it distributed two shares of 20 cents par preference stock for each share of common. The preferred was then redeemed at 20 cents a share, making the common dividend the equivalent of 40 cents a share tax-free. A similar distribution and redemption of 20 cents-par preferred was effected January 3, 1958.

The company's earnings are impressive and high in relation to the market price of the common. Aggregate net earnings on the common in the five-year period ended December 31, 1956, were upwards of $19 a share.

This is a high-class company, the shares of which appear to comprise exceptional value.

Dome Exploration

I wonder if you could tell a possible investor in Dome Exploration (Western) Ltd. something about its prospects. — B.M., Kitchener.

Dome Exploration (Western) is a landholding producing company. Estimated net production in 1957 after all royalties totalled 920,000 barrels, an increase of 24% over the 741,280 barrels produced in 1956. This resulted from a significant increase in the company's Saskatchewan and Manitoba production which more than offset drastic cuts in Alberta market allowables. At year end 64% of the company's net production was coming from its Saskatchewan and Manitoba properties.

Estimated 1957 revenue from crude oil sales after royalties increased approximately 36% to $2,300,000 from $1,682,576 last year. The greater percentage increase in revenue compared to production is due to higher wellhead prices and a larger percentage of production being high-gravity crude.

For the nine months ended September 30, 1957, operating profit was $1,485,762 compared to $995,173 for the same period in 1956 and net profit increased to $521,-

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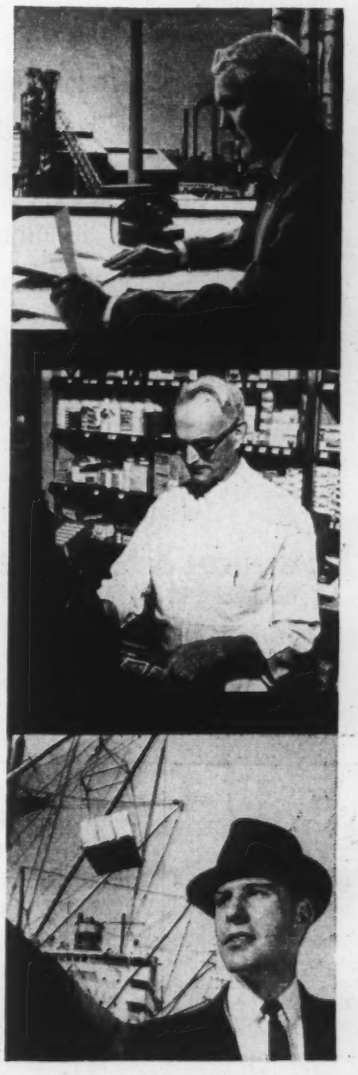

To Joe Campbell it extends across all 10 provinces, providing his plants with on-the-spot credit information and payroll service.

To Henri Laplante it is right down the street—his friendly BNS branch. The manager knows him well, and arranges for occasional loans for inventory or expansion of his store.

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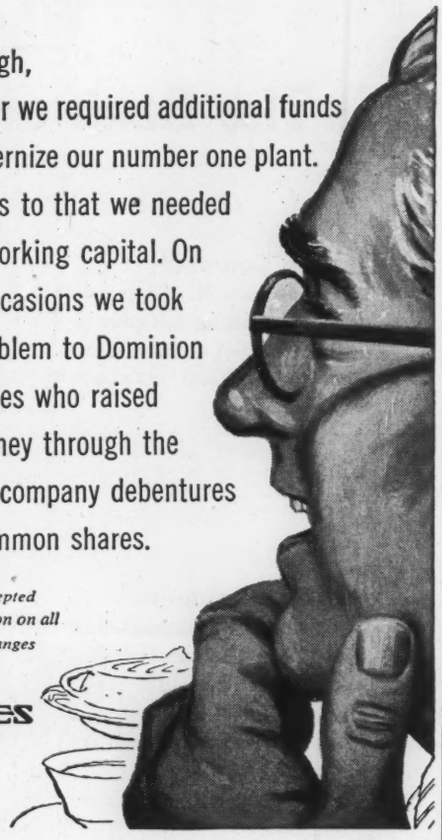

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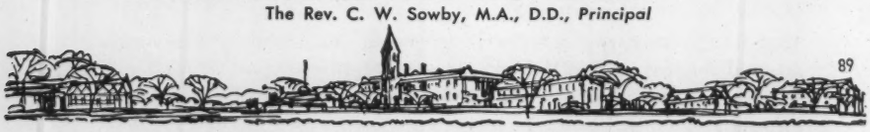

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242 from $110,319 last year. Working capital at September 30, 1957, was $1,-173,818 compared to a deficit of $1,831,-251 in 1956.

During 1957 the company drilled a total of 46 wells. As at December 31, 1957, it held interests in a total of 2,989,218 acres of land in Westesn Canada and Ontario equal to 1,909,219 net acres.

The company has in hand an $11,000,-000 project to gather and process flare gas produced in the Steelman area of southeast Saskatchewan. Additional expenditures will be made for enlarging the gathering system and plant facilities if anticipated gas volumes develop.

This project will be owned by a new company, Steelman Gas Ltd. in which Dome and its affiliate, Provo Gas Producers Ltd. will jointly hold approximately 70% of the equity.

Long term contracts have been negotiated covering the sale of the two main products of the plant, namely dry gas and propane. The remaining products will be sold on a short term basis. Construction is scheduled to start in the spring of 1958.

Iron in Temagami

How would you rate the chances of North American Rare Metals in drilling for iron at Temagami, Ont. — J.D., Victoria.

Preferential ratings of stocks may be applied to established enterprises but mining-exploration companies remain a gamble upon which it is impossible to assess the odds. No one knows what prize if any, may be under the ground, so what is a chance on the prize worth? The best that one can say about a property is that it is located in a favorable area, that it has interesting showings and that a competent engineer is of the opinion that it warrants exploration.

A magnetometer survey of the Skunk Lake section of the Temagami claims of N.A.R.M. has indicated six separate anomalies, or interesting places in which to probe.

In Brief

What is the position of Consolidated Red Poplar Minerals? — B. D., Saskatoon.

Red Poplar is in the wings pending the location of a new property. It has a healthy bank roll — some $300,000.

Anything new on Black Fox Gold Mining? — S. F., Halifax.

Still holed up.

How is Chief Sioux Mining? — A. D., Hamilton.

Heap big chief no more.

Has Crossroads Gold any value? — R. J., Windsor.

None.

Who's Who in Business

J. V. Clyne

Looking For New Challenges

by R. A. Francis

Capsule Comment: A versatile British Columbian who sampled the responsibilities and rewards of life as a deepsea deckhand, the law, government service and eventually the bench, J. V. 'Jack' Clyne has begun a fresh career at 56 as top man of an industrial empire.

As chairman of the board of MacMillan & Bloedel, one of the biggest forest industries concerns in the Commonwealth, he has allowed himself to be set new tasks at a time when most of his contemporaries are coasting to retirement, or at least not asking for trouble.

But Jack Clyne, who admits he has "always been interested in investigating something new," bowed out after seven years on the B.C. Supreme Court to tackle the new career. He moved recently from his sombre chambers in Vancouver's dirty granite court house to a wood panelled corner office in MacMillan & Boedel's new building overlooking the harbor.

This former rugger and tennis player and amateur actor was interested in trees before he joined the tree industry professionally. But his knowledge extended little further than what he gained by fretting about the pines and cedars and English walnuts in his Shaughnessy Heights garden. Now he regards trees from a rather more cosmic standpoint.

And trees are not his only problem. There are sawmills, pulp mills and newsprint plants, lumber and plywood and shingle operations, thousands of employees, and sales offices to satisfy his endless curiosity about something new.

And beyond the mechanics of running the business, he broods deeply about the economics of the whole industry. Specifically, his concern, as his fresh eye ranges over the forest industries of B.C., is about labor demands for higher wages in the shadow of sharpening competition, falling sales and increasing production costs.

Vital Statistics: Born in Vancouver Feb. 14, 1902, he was the son of a world travelling Scot who had quit planting tea in Ceylon, married a Virginia girl in California, and headed for the new town on Burrard Inlet, up there on British soil. They have a daughter, Dorothy, and a son Stu, who has followed the tradition by going into law.

Background: Jack Clyne graduated from King Edward High School, took a B.A. at UBC and post graduate study in law. Then he decided to see some of the world as deckhand on a Dutch freighter bound for London. That led him to the London School of Economics, King's College, and home for more study with two law firms. He was admitted in 1927.

His yen for the sea led him to admiralty law, and to move to Prince Rupert, up the B.C. coast, to a law firm there. His first partnership was with Macrae, Duncan & Clyne, 1929-46; his next with Campney, Owen, Clyne & Murphy, 1947-50. Then he went to the Supreme Court.

At various times he was chairman of the Canadian Maritime Commission; president of the President Park Steamship Co., a Crown Corporation which owned and controlled Canadian-built merchant ships; president of the Vancouver Bar Association; chairman of the Preparatory Committee of the Inter-Governmental Maritime Consultative Organization, a UN agency; Royal Commission into a power house disaster in B.C. and also into the province's milk industry.

Attitudes and Personality: His approach of "here's something interesting to dig into" probably would have made him a competent reporter. This attitude has made every facet of his career worthwhile to him: making a man's will; negotiating an international merchant shipping deal, presiding at a Royal Commission. "That milk inquiry was fascinating," he recalled. "It was a chance to look into every aspect of an industry."

Executive modus operandi: Jack Clyne, by legal training a detail man, is the large scale administrator in his new post. The job? "It's difficult to describe. It's setting policy; and it's interpreting the Board's policy to employees and shareholders. It's finding where we sit in the industry, in the province, and in the nation's trade; in trying to improve that position for all concerned."

In running the show, he sees his five or six top men most days. There's no hard and fast routine yet, as he grapples with a new business. For a man like him, there probably won't be any dogmatic method.

Somebody asked him, where was the cutoff point between what a top level executive could do and what he should delegate. He replied, "The cutoff point is where it's impossible for you to do any more."

Living habits: "Remote and austere," he said recently, describing private life when a man is on the bench. Now that he's in the business community again, he'll manage to see more of his old friends.

The family lives in a large, pleasantly middle aged house in Shaughnessy Heights, fifteen minutes' drive from the office. It's even closer to some pretty good tennis courts. But old tennis player (and amateur theatre leading man) Clyne says he never has time any more.

Current performance: He feels the present job is the greatest challenge, a chance to help a huge company and an enormous industry stay on the tracks in the face of formidable problems. He sees the job in the context of Canada's place in world trade. It all stems from one of his primary beliefs: that nations trading profitably with one another will find more reasons to stay at peace than those that are not.

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Insurance

by William Sclater

Atomic Accident

Does my regular accident and sickness policy cover me against accidental atomic radiation contamination or do I have to get a special policy against this contingency? — K.L., Ottawa.

That's a $64,000 question. So far in Canada the insurance underwriters aren't selling any regular-type policies I've heard of against such possibilities. You realize of course that in a war the regular war risk clause would apply and the government would have to take over the liability. Actually I can see no exclusion in the regular accident and sickness policies now being sold against such a peacetime contingency. As far as I can figure at this stage any accidental contamination suffered by such a policyholder would be covered.

This is a big subject as it affects many liability possibilities that range from building leasehold and manufacturing plants to individuals, as active isotopes become more widely used in modern industrial techniques. The underwriters are working on some of the aspects and we should be hearing their findings from time to time.

U.S. Insurers in Canada

Could you give me some idea as to how big an operation some of the outside U.S. insurers who operate in Canada have? Do they invest their funds here to any extent or benefit us in any other way? — M.R., Toronto.

Since you ask about U.S. insurers, perhaps the Travelers Companies, with head offices in Hartford, Conn., and writing life, group life and annuities, accident and sickness, fire and casualty, indemnity, auto, inland and ocean marine policies, are a good example.

This group operates through 90 branch offices, 31 agency offices and 86 service offices in the U.S. and Canada. Annual income from premiums and investments amounted to over one billion dollars in 1597 and $652,300,000 was paid out to policy holders in the U.S. and Canada. While life and group life showed important gains last year and there was improvement in fire and marine, the underwriting gains for accident and health were less favorable and casualty was unprofitable owing to an alarming increase in auto bodily injury losses. The average cost of settling each auto bodily injury claim is now 86% higher than ten years ago.

Combined assets of the group amounted to $3,311,517,000 at the end of 1957, an increase for the year of $165,606,000. The sum of $237,000,000 was invested in 1957 at a gross rate of return, before expenses and taxes, of 4.99%. After paying claims, expenses, taxes and setting up the required reserves the sum of $9,560,223 remained from the 1957 operations. This compares with $35,172,289 in 1956. The combined assets of the group, amounting to more than three billion dollars are invested in a variety of securities ranging from government bonds through other public securities, railroad, public utility and first mortgage loans.

Of this total a substantial amount is invested in Canada, in government, provincial and municipal bonds; in pipe lines; in companies like Bell Telephone of Canada, British American Oil and Imperial Oil Company; Aluminum Company of Canada; Bowater and other investments. The Canadian market gets a substantial share of First Mortgage Loans also. The part played by this company and other outside insurers in the development of Canada is a substantial one, from the capital investment viewpoint alone.

In addition there are the payments to policyholders in this country and the offices and staffs maintained here. The Travelers group are one of the pioneers of package family insurance plan and budget payment on a monthly basis. There are 30,771 stockholders in the Travelers of whom 64.6% or 19,900 hold 50 shares or less.

Medical Insurance

I am a member of Blue Cross. Early in the year my wife had an operation, and part of the hospital bill was paid by Blue Cross. May I deduct the full amount charged by the hospital, in computing my taxable income?—E. L. J., Winnipeg.

If you paid the premiums under a contract of medical insurance, such as Blue Cross hospital plan, then medical expenses paid by the insurer may be deducted to the same extent that such expenses would be allowed if paid by you. However, premiums paid under such a plan are not deductible.

Your Taxes

by Garfield P. Smith, CA

Gift Tax

What rate of tax is applicable to gifts?—M. L., Regina.

Gift tax varies from 10% where the aggregate taxable value of gifts does not exceed $5,000 to 28% where the aggregate taxable value exceeds $1,000,000. The rate is determined by the size of the taxable portion of gifts made during the year, and the rate thus determined applies to the entire taxable portion and not merely on the marginal portion as is the case with income tax.

For example, where the taxable value of gifts is $5,000 the tax is 10% of $5,000 or $500. Where the taxable value of gifts is $5,001, the rate of tax is 11% on the whole amount or $550.11. In determining the aggregate taxable value of gifts made during the year, gifts to an individual totalling $1,000 or less are excluded, and a basic exemption of $4,000 is deducted. Where the donor is an individual, he may in lieu of the $4,000 exemption, deduct ½ of the difference between his taxable income for the immediately preceding year and the tax payable thereon, if the amount thus determined exceeds $4,000.

The Act also provides for the exemption of charitable donations and gifts to the Crown under certain circumstances. Gifts made in contemplation of death or gifts taking effect upon the death of the donor are exempt from gift tax but are subject to tax for Succession Duties purposes at the time of death of the donor.

Installment Remittances

I am in receipt of a salary from which tax is deducted at the source, and in addition I have income from other sources and from which no tax has been deducted. Am I required to make installment remittances in respect of the additional tax resulting from my other income?—E.D.R., Halifax.

If your income from which tax is being deducted is equal to or greater than three-quarters of your total income for the year, then no installments are required to be made by you during the year, however the balance of tax owing will be required to be paid on or before April 30 of the following year. If the income from which tax is being withheld is less than three-quarters of your total income for the year, then installment remittances should be made on or before March 31, June 30, September 30 and December 31. Each installment should be equal to one-quarter of the additional tax estimated by you at the current rate of taxation on the additional estimated taxable income for the year, or on the additional taxable income for the immediately preceding year. The remainder of the tax if any is required to be paid on or before April 30 of the following year. Interest at the rate of 6% per annum is charged on overdue installments.

Social Clubs

We have recently formed a social club for which a charter has been obtained. The facilities of the club which include among other things, a dining room, a dance floor, card room and a billiard room, are for the exclusive use of members and their guests. Is such a club required to pay income tax? —P. O. N., Vancouver.

No, provided the club is operated for some purpose other than for profit, and provided that no part of the income is payable to, or otherwise available for the personal benefit of, any proprietor, member, or shareholder of the club.

Provincial Taxes

Is it true that persons living in Ontario will have to pay income tax to the Province of Ontario as well as to the Federal Government? — D.S.P., Kingston.

A Provincial income tax has been levied in Ontario, but it applies only to corporations and not to individuals. Corporations carrying on business in Ontario are required to pay a tax of 11% on that portion of their incomes earned in Ontario. When filing their Federal returns, such corporations are entitled to a tax credit equal to 9% of their incomes earned in Ontario.

Succession Duties

As a resident of British Columbia, would my estate be subject to succession duties in Ontario or Quebec in respect of my holdings in shares of Bell Telephone and International Nickel? Also, what would the exemption be and what is the rate of tax? — A.D.P., Chilliwack.

Both Ontario and Quebec levy succession duties. Where the deceased was not a resident of either province, the succession duties are levied in respect of property of the deceased located in the province. The location of shares is the location of the transfer agent of the corporation which issued such shares. As Bell Telephone and International Nickel each have transfer agents in Ontario and Quebec but in no other province, the shares in each case would therefore be located in either Ontario or Quebec, depending on where the transfer would be effected if the shares in question were sold. The exemptions and rates of tax would depend in which province the estate was taxable, and the relationship of the beneficiaries.

Mortgage Insurance

I have a substantial mortgage on my own home and am concerned what might happen to my wife and family if I were killed or died. It would take all my life insurance to pay off the house. Is there some kind of insurance that would cover the mortgage and, just as a matter of interest, what do insurance statistics show about the average age people mostly die at? — K. V., Winnipeg.

What you need is mortgage insurance. It is available for mortgages amortized over anything from 15 to 30 years. What you buy, in the amount required, is "term" insurance, the cheapest form of life insurance. Rate will depend upon your insurability.

The old "three score and ten" that most of us hope for takes quite a beating from the "insured" statistics. More than 50% of all life insurance policy death benefits are paid for persons dying between 30 and 64 years of age. A recent survey showed estimated 38,000 claims totalling $86 million in this bracket this year. While it is some consolation that 41,500 claims are estimated for those dying over 65 years of age it is also significant that the amount of estimated insurance claims will total only $52 million in that category. In the under 30 death bracket the estimate is 4,500 claims for $7 million. Better take out that mortgage insurance.

Capital Cost Allowance

What is the rate of depreciation which may be deducted for tools? — C.L.A., Moose Jaw.

A tool costing less than $50 may be written off at the rate of 100% per annum. You therefore have the option of deducting as little or as much of the cost as you wish in computing income. Where tools have been completely written off, there will be a recovery of capital cost allowance where an amount has been received on the disposition of such tools. This would apply whether the tools were sold separately or as part of a business. Where the tool cost more than $50 it will normally be included in Class 8, which class may be written off at the rate of 20% per annum on the reducing balance.

CANADIAN PACIFIC RAILWAY COMPANY

77th ANNUAL REPORT OF THE DIRECTORS TO THE SHAREHOLDERS (Abridged)

Your Directors have the honour to present herein their report of the results and developments of the past year.

1957 was another year of progress in the development of Canada. However, there was a lessening in the forces of expansion which had been so strongly at work in the economy during the preceding two years, and this was reflected in the results of the operations of your Company.

Railway revenue was the second highest in the history of your Company having been exceeded only by that of 1956. Freight traffic volume as compared with 1956 was down 10%, with over half of the decrease having occurred in grain and grain products moving under low statutory rates. A factor contributing to the decrease in volume was the strike by locomotive firemen in January. Rate increases added 5% to freight revenue.

Through effective budget control and the benefits arising from continued modernization, the ratio of net earnings to railway revenue was held close to that of the previous year. This was achieved despite the smaller volume of traffic and the incidence of employee welfare costs, higher wage rates and increased material prices.

Net railway earnings were down $3.1 million and the return on your net investment in railway property was only 2.8%.

It was in view of the prospect of inadequate earnings that your Company joined with other railways in Canada on August 30, 1957, in amending their application of May 1956 to the Board of Transport Commissioners so as to request authority for a 10% increase in the general level of freight rates in lieu of the 4% remaining to be disposed of under the original application. In hearings before the Board your Company stressed the necessity for having the permissive level of net rail income increased to allow a return on the additions made since 1947 to net rail investment. In a judgment issued on December 27, 1957, the Board authorized an increase of 3.6% over the prevailing level of rates, effective January 15, 1958, but rejected an increase in the permissive level of net rail income. On petition by the Provinces opposing the application, the increase was suspended by order-in-council until May 1, 1958.

On February 17, application for leave to appeal to the Supreme Court of Canada from the judgment of the Board was filed by your Company in concert with other railways affected, on the ground that by rejecting an increase in the permissive level of earnings of your Company, the Board had failed to perform the duty imposed upon it by the Railway Act to fix, determine and enforce just and reasonable rates and to change and alter rates as changing conditions require. The application will be argued on March 10.

In furtherance of its programme to provide for the requirements of modern business and of the expanding economy, your Company undertook capital expenditures in the amount of $135 million. Of these, additions to your railway plant accounted for $119 million, including $31 million for the purchase of 154 diesel locomotive units. It is estimated that through the investment made to the end of 1957 in diesel locomotives and facilities, totalling $176 million, savings of some $32 million per annum are being realized in transportation expenses and a reduction of $8 million is being effected in current maintenance expenses.

Other Income was $6.6 million lower than in the previous year. Decreases were widespread but were particularly marked in dividends declared by The Consolidated Mining and Smelting Company of Canada Limited and in net earnings from your steamships.

Net Income amounted to $46.8 million, which, after providing for dividends of 4% on Preference Stock and dvidends amounting to $1.50 per share on Ordinary Stock, left a balance of $22.7 million available for modernization and other corporate purposes.

The Income and Retained Income Accounts of your Company show the following for the year ended December 31, 1957:

INCOME ACCOUNT

Railway Revenue		$487,565,479
Railway Expenses		449,319,097
Net Earnings		$ 38,246,382
Other Income		23,441,276
		$ 61,687,658
Fixed Charges		14,901,935
Net Income		$ 46,785,723
Dividends:		
Preference Stock	$ 3,029,053	
Ordinary Stock	21,090,379	
		24,119,432
Balance transferred to Retained Income Account		$ 22,666,291

RETAINED INCOME ACCOUNT

Retained Income (Balance), December 31, 1956		$452,979,869
Balance of Income Account for the year ended December 31, 1957	$22,666,291	
Net Proceeds from Sales of Lands and Townsites	7,561,504	
Gain on Redemption of £1,300,000 Debenture Stock of Atlantic and North-West Railway Company	2,853,490	
Excess of considerations received for sales of properties over book values, and miscellaneous items	1,259,493	
		34,340,778
Retained Income (Balance) December 31, 1957, as per Balance Sheet		$487,320,647

HIGHLIGHTS

	1957	1956	Increase or *Decrease*
YEAR'S RESULTS			
Railway Revenue	$487,565,479	$505,262,393	*$17,696,914*
Railway Expenses	449,319,097	463,926,566	*14,607,469*
Net Earnings	38,246,382	41,335,827	*3,089,445*
Ratio Railway Expenses to Railway Revenue	92.2%	91.8%	*0.4%*
Other Income	$ 23,441,276	$ 30,034,463	*$ 6,593,187*
Interest and Rental Charges	14,901,935	15,752,302	*850,367*
Dividends—Preference Stock	3,029,053	3,079,820	*50,767*
—Ordinary Stock	21,090,379	24,379,013	*3,288,634*
Balance for Modernization and Other Corporate Purposes	22,666,291	28,159,155	*5,492,864*
YEAR-END POSITION			
Working Capital	$ 63,940,973	$114,080,546	*$50,139,573*
Investments	136,334,723	125,432,848	10,901,875
Properties	2,229,262,112	2,130,773,785	98,488,327
Funded Debt	144,133,500	156,085,000	*11,951,500*
TAX ACCRUALS			
Income Taxes	$ 30,500,000	$ 34,400,000	$ *3,900,000*
Property and Other Taxes	11,290,160	10,357,644	*932,516*
TRAFFIC			
Tons of Revenue Freight Carried	58,493,389	65,838,251	*7,344,862*
Revenue Passengers Carried	8,037,390	8,906,288	*868,898*
Revenue per Ton Mile of Freight	1.50c	1.39c	0.11c
Revenue per Passenger Mile	2.89c	2.89c	—
EMPLOYEES			
Employees, All Services	89,720	90,499	*779*
Total Payroll	$322,226,843	$322,679,601	$ *452,758*
Average Annual Wage	$ 3,591	$ 3,566	$ 25

Railway Operations

Net railway earnings, at $38.2 million, were $3.1 million, or 8%, below the previous year. The ratio of net earnings to gross revenue was 7.8% as compared with 8.2% in 1956 and an average of 7.1% for the five years preceding 1957.

Railway Revenue, at $488 million, was $18 million, or 4%, lower than in 1956, partly as a result of the strike in January. Freight revenue, although including $20 million from increases in freight rates, accounted for $15 million of the decrease. An increase of $814,000 over 1956 was effected in passenger revenue.

Freight traffic volume, measured in ton miles, was 10% down from 1956. The principal decrease occurred in the movement of grain and grain products which, by reason of reduced export demand, declined 16%. Decreases in traffic volume were prevalent throughout all general commodity groups including agricultural products, animals and animal products, mine products, forest products and manufactured and miscellaneous goods. In contrast to the general decline, marked increases occurred in the movement of manufactured iron and steel, building sand, gravel and crushed stone.

Passenger traffic volume showed a moderate improvement over the previous year in terms of passenger miles. While the number of passengers carried decreased from 8.9 million to 8.0 million, the average passenger journey, at 167 miles, was 20 miles longer and the average number of passengers per train was up 12%. Patronage of your trans-continental trains "The Canadian" and "The Dominion" again increased, and the use of rail diesel cars was further extended. Certain passenger services no longer justified by the level of patronage were curtailed.

Express traffic volume was down, principally as a result of curtailment of unprofitable passenger train services and depressed business conditions in some areas. The net earnings of your Express Company, carried to railway earnings as compensation for the carriage of express traffic, were down 12%.

Railway Expenses, at $449 million, were down 3%. This decrease was effected in the face of increases in wage costs which, including payments for additional statutory holidays and health and welfare benefits, added $12.6 million to expenses, and increases in material prices which added $3.4 million.

Road maintenance expenses were up only 1% and equipment maintenance expenses were down 4%. There was a substantial decrease in steam locomotive repair expenses as 72% fewer steam units underwent heavy repairs but this was offset to some extent by an increase in diesel locomotive repair expenses concurrent with a rise of 25% in the average number of diesel units in service during the year.

Transportaton expenses were down 6%, and for the third successive year the ratio of transportation expenses to railway revenue was reduced. Substantial economies, particularly in train fuel expense, continued to be realized with the advancement of the diesel programme, and notable improvements were effected in service and operating efficiency. In freight service new records were established in average train speed and train load with a resulting new high in gross ton miles per freight train hour. The proportion of total transportation work performed by diesel power in the year averaged 72% in freight service, 83% in passenger service and 78% in yard service.

Other Income

Other Income, after income taxes, amounted to $23.4 million, a decrease of $6.6 million from the previous year.

Net earnings of steamships, at $2.0 million, were down $1.8 million. Freight revenue from your ocean steamships was adversely affected by reduced carryings both eastbound and westbound and lower rates on grain and flour. Passenger traffic volume was higher owing chiefly to the entry into service of the "Empress of England". Operation of your coastal steamships resulted in a deficit as the increase in wage and material costs exceeded the increase in revenue.

Net earnings of hotels were $97,000, down $706,000 from the previous year. A small improvement in revenue was more than offset by the cost of wage increases, employee benefits and changes in working conditions.

Net earnings from communication services amounted to $2.2 million, a decrease of $632,000. The increases in labour costs were greater than the improvement in revenue.

Dividend income, at $12.6 million, was down $3.2 million from the previous year. Dividends from your holdings of Capital Stock of The Consolidated Mining and Smelting Company of Canada Limited at the rate of $1.35 per share amounted to $11,356,875 as compared with a rate of $1.65 per share amounting to $13,880,625 in the previous year. Earnings per share of that Company were $1.83 in 1956 and $1.13 in 1957. Dividends received from your railroad subsidiaries in the United States were also lower and there was no dividend from your Air Lines.

Net income from petroleum rents, royalties, reservation fees, and land rents, before provision for income taxes, amounted to $8.4 million, a decrease of $831,000. Toward the year end less favourable conditions prevailed for marketing of crude oil. Royalties were received from production of 17.9 million barrels as compared with 18.1 million barrels in 1956. The number of producing wells increased from 765 to 895. In order that your Company may be in a position to take advantage of opportunities as they may occur, a wholly owned subsidiary, Canadian Pacific Oil and Gas Limited, was incorporated on January 3, 1958, with power to engage in the business of prospecting for, acquiring, developing and operating oil and gas and other mineral resources, and to manufacture, transport, refine and sell their products, by-products and derivatives.

Net income from interest, separately operated properties and miscellaneous sources amounted to $5.2 million, a decrease of $1.7 million. There was a decrease interest from temporary cash investments and a decrease in exchange credits, and no interest for 1957 was received from your

Air Lines and the Northern Alberta Railways Company.

Fixed Charges

Fixed charges, at $14.9 million, were $850,000 lower than in 1956. This decrease resulted from redemption of equipment trust certificates; conversion into Ordinary Stock of some of the outstanding collateral trust bonds; the effect of changes in exchange rates on obligations payable in other than Canadian currencies; and a reduction in rent for leased roads largely owing to the redemption of matured First Mortgage Redeemable Debenture Stock of the Atlantic and North-West Railway Company on which your Company has paid the interest as rental.

Net Income and Dividends

Net income after fixed charges, at $46.8 million, was down by $8.8 million. After provision for dividends on Preference Stock, earnings available for dividends on Ordinary Stock and for reinvestment amounted to $43.8 million. This was equal to $3.11 per share on 14,066,271 shares of Ordinary Stock outstanding at the end of the year, compared with $3.76 per share on 13,949,169 shares at the end of 1956.

Dividends were declared on Preference Stock at the same rates as in 1956, comprising 2% paid August 1, 1957, and 2% paid February 1, 1958. Dividends on Ordinary Stock amounted to $1.50 per share, comprising 75 cents paid August 1, 1957, and 75 cents paid February 28, 1958. In 1956 dividends declared on Ordinary Stock, including an extra dividend of 25 cents, amounted to $1.75 per share.

Land Transactions

Net proceeds from sales of lands and townsites in 1957 amounted to $7.6 million, an increase of $1.1 million. Sales included 34,142 acres of timber lands and 23,734 acres of farm lands, the latter averaging $10 per acre. Contracts involving 9,310 acres of land sold in prior years were cancelled.

Balance Sheet

Certain changes have been made in the presentation of the Balance Sheet accounts with a view to simplification and to conform with accounting trends in reporting of railway companies. No revaluation of either assets or liabilities is involved.

Total assets at the end of the year amounted to $2,553 million, an increase of $36 million.

The net addition to Properties during the year after retirements was $98 million. The total of railway properties is not affected by transfers from leased to owned properties consequent upon vesting of wholly owned leased railway companies. The properties so vested in 1957 had a book cost of $60,330,537.

Working capital, at $64 million, was down $50 million.

Ordinary Stock and Preference Stock of Canadian Pacific Air Lines in the amounts of $3 million and $5 million, respectively, and Capital Stock of Canadian Pacific Transport Company in the amount of $2.4 million were acquired as repayment of advances.

The Tax Equalization Reserve, recording the amount of income tax liability arising since 1954 from taking capital cost allowances for tax payment purposes in excess of depreciation accruals charged income, increased by $12.5 million.

Finance

Serial equipment obligations amounting to $8,254,000 were discharged; $837,500 Convertible Twenty Year 3½% Collateral Trust Bonds, $2,198,000 Convertible Fifteen Year 3½% Collateral Trust Bonds and $662,000 Convertible Seventeen Year 4% Collateral Trust Bonds were converted into 117,102 shares of Ordinary Capital Stock.

The foregoing transactions resulted in a net decrease of $11,951,500 in funded debt, a decrease of $4,437,000 in the amount of Consolidated Debenture Stock pledged as collateral, and an increase of $2,927,550 in the amount of Ordinary Capital Stock outstanding.

After the close of the year, Twenty-five Year 5% Collateral Trust Bonds, dated February 1, were issued and sold in principal amount of $40 million and were secured by a pledge of $48 million principal amount of Consolidated Debenture Stock. These bonds are redeemable prior to maturity at the option of your Company, on not less than 45 days' prior notice, in whole at any time or in part from time to ime, and if in part in principal amounts of not less than $5 million, at 103.75% of the principal amount if redeemed on or prior to January 31, 1960, and thereafter at decreasing percentages down to 100% of the principal amount if redeemed on or after February 1, 1981, plus in each case accrued interest to the date fixed for redemption; provided, however, that the bonds may not be redeemed prior to February 1, 1973, by the application of funds obtained through borrowings having an interest cost of less than 5% per annum.

Pensions

Expenditures for pensions amounted to $21.3 million, a rise of 60% since 1952. These expenditures comprised the portion of pension allowances paid by your Company, a contribution of $6.5 million to the Pension Trust Fund, and levies in respect of employees covered by the United States Railroad Retirement Act.

Wages and Working Conditions

In a report published on February 4, 1958, the Royal Commission appointed to enquire into the matter following the strike in 1957, found that firemen are not required by your Company on diesel locomotives in either freight or yard service. The recommendations in the report provided for the protection and transfer in a gradual manner of the firemen involved. Your Company affirmed its intention to implement the findings of the Commission and to this end reopened negotiations with the firemen's union.

In accordance with agreements reached in 1956, health and welfare contributions by your Company of $4.25 per employee per month became effective for organized non-operating employees from January 1, 1957; wage rate increases of 3% to non-operating and 5% to operating employees, the latter including $4.25 per employee per month in lieu of health and welfare benefits, became effective on June 1; and additional statutory holidays with pay became effective through the year.

On November 12, unions representing the non-operating employees served a joint request for revision of agreements to provide for an increase of 11% plus 17c per hour in all rates, additional health and welfare contributions by your Company of $8.50 per month for each employee, increased annual vacations, one additional paid statutory holiday in addition to the seven already established, an amount of 4c per hour per employee to be set aside to provide severance pay, and certain other changes. Negotiations failed to bring about a settlement and the matter was referred to a Conciliation Board. Granting of these demands to all your 60,000 non-operating employees would add $59 million to expenses.

Wage increases in line with settlements reached by other railroads in the United States were granted to engineers, firemen and trainmen of your Company who are employed on lines in Maine and Vermont.

Representatives of employees in each of your major hotels, with the exception of the Royal York Hotel, requested a 25% general wage increase, health and welfare benefits and other changes. Agreements were reached effective for two years providing for general wage increases totalling 9% by the end of the first year, health and welfare benefits on the same basis as those to non-operating railway employees and certain other adjustments.

Agreements were reached with employees of your Air Lines granting increases varying from 5% to 10% and other benefits.

Plans were established providing group life insurance and hospital, surgical and medical benefits for non-organized employees and for officers and supervisors.

Steamships

Your second new passenger-cargo liner "Empress of England" entered service in the spring of 1957 and completed a successful first season, during which your ocean fleet carried a greater number of trans-Atlantic passengers than in any other post-war year. In December a contract was signed for the construction of a third new passenger-cargo liner specially designed for both North Atlantic and cruise operations. This liner is scheduled to enter service in the spring of 1961. The "Empress of Scotland", after completion of 27 years of service, was sold after the close of the year.

In anticipation of the opening in 1959 of the St. Lawrence Seaway, cargo operations were inaugurated during the year between United Kingdom and Great Lakes ports with two small chartered vessels. Two additional chartered vessels will enter this service in 1958.

The agreement under which your Company had operated coastal steamship service between Vancouver and Ketchikan, Alaska, jointly with the Canadian National was terminated at the end of 1957; this weekly service continues as an operation of your Company with extension to include calls at certain additional way ports. Two coastal barges of your fleet were sold during the year.

Air Lines

Your Air Lines had a net loss of $113,000 in 1957 after taking up profits totalling $1,545,000 from the sale of aircraft, buildings and equipment. There was a profit of $525,000 in 1956.

There was a decrease of 29% in revenue from domestic services owing to the cessation of charter operations to northern radar installations and the termination of scheduled services in Manitoba and Saskatchewan. Revenue from the services remaining showed improvement as a result of continued oil and mineral exploration and development, and construction activity in the North. Coach service using C-46 aircraft was introduced early in the year on routes from Edmonton to Yellowknife, Uranium City and other northern points providing increased passenger accommodation at lower

CANADIAN PACIFIC RAILWAY COMPANY

GENERAL BALANCE SHEET, DECEMBER 31, 1957

ASSETS

Current Assets:		
Cash	$ 25,536,183	
Temporary Cash Investment	26,794,613	
Special Deposits	4,817,965	
Agents' and Conductors' Balances	21,213,617	
Other Accounts Receivable	24,238,027	
Material and Supplies	46,459,358	
		$ 149,059,763
Deferred Payments and Mortgages on Properties		8,322,867
Unsold Lands and Properties		9,289,875
Insurance Fund		13,188,540
Deferred Debits		
Prepaid and Unadjusted Charges	$ 4,120,934	
Unamortized discount on Funded Debt	3,189,822	
		7,310,756
Investments		
Controlled Companies	$ 100,203,202	
Other Companies	36,131,521	
		136,334,723
Properties:		
Railway	$2,004,669,134	
Communications	52,813,638	
Hotels	66,159,833	
Steamships	94,944,283	
Other Properties	10,675,224	
		2,229,262,112
		$2,552,768,636

LIABILITIES

Current Liabilities:		
Accounts Payable and Wages Accrued	$ 49,933,364	
Taxes Accrued	9,624,093	
Dividends Declared	12,508,390	
Other Current Liabilities	13,052,943	
		$ 85,118,790
Deferred Liabilities		3,467,579
Deferred Credits and Reserves:		
Deferred Credits	$ 5,151,028	
Tax Equalization Reserve	32,850,000	
Insurance Reserve	13,188,540	
Investment and Other Reserves	4,914,092	
		56,103,660
Provision for Depreciation		878,196,192
Funded Debt		144,133,500
Debenture Stock		292,548,888
Shareholders' Equity:		
Preference Stock	$ 137,256,921	
Ordinary Stock	351,656,775	
Premium on Stock	37,992,349	
Donations and Grants	78,973,335	
Retained Income (Balance)	487,320,647	
		1,093,200,027
		$2,552,768,636

S. J. W. LIDDY, *Comptroller*

Auditor's Report to the Shareholders of Canadian Pacific Railway Company:

We have examined the above General Balance Sheet of the Canadian Pacific Railway Company as at December 31, 1957, and the related financial statements, and have obtained all the information and explanations we have required. Our examination included such tests of accounting records and other supporting evidence and such other procedures as we considered necessary in the circumstances.

In our opinion the General Balance Sheet and related financial statements are properly drawn up so as to present fairly the financial position of the Canadian Pacific Railway Company at December 31, 1957, and the results of its operations for the year then ended, according to the best of our information and the explanations given to us and as shown by the books of the Company.

PRICE WATERHOUSE & CO., Chartered Accountants.

Montreal, March 7, 1958

rates nad increased cargo capacity. Introduction of DC-6B "Empress" aircraft on the Vancouver - Terrace and Vancouver - Whitehorse routes was well received by the travelling public.

Revenue from international traffic increased by 28% as a result of an extension of the Mexico City-Toronto route to Montreal, Lisbon and Madrid; the addition of Santiago as a traffic stop on the Lima-Buenos Aires route; and an increase in the frequency of certain flights in response to improvement in the volume of traffic offering.

Four new DC-6B aircraft were placed in service during the year; conversion work on four C-46 aircraft from cargo to combined cargo-passenger service was completed; and an office building and maintenance hanger were constructed at Vancouver. Six Bristol Britannia turboprop and four DC-6A aircraft, and two flight simulators were on order at the year end. The cost of these new units will be approximately $25 million.

An application to operate domestic transcontinental air services in Canada was filed on November 27, 1957, with the Air Transport Board.

United States Subsidiaries

Income from your holdings of General Mortgage Income Bonds and Common Stock of the Minneapolis, St. Paul and Sault Ste. Marie Railroad Company, amounted to $648,000. Of this amount $128,000 represented interest and $520,000 dividends. The net income of that Company in 1957, after provision for fixed and contingent charges, was $1.6 million, a decrease of $1.2 million.

Interest income amounting to $167,000 was received from your holdings of First Mortgage Income Bonds of the Duluth, South Shore and Atlantic Railroad Company. The net income of that Company in 1957 was not sufficient to meet contingent charges in full.

Income from your holdings of First Mortgage Bonds, General Mortgage Income Bonds and Common Stock of the Wisconsin Central Railroad Company amounted to $590,000. This comprised $509,000 interest and $81,000 dividends. The net income of that Company in 1957 was not sufficient to meet contingent charges in full.

Rates

Reference has been made earlier in this Report to an increase of 3.6% in the general level of freight rates to become effective January 15, 1958, which was authorized by the Board of Transport Commissioners following extended hearings, to the suspension of the increase by order-in-council, and to the appeal by your Company against the judgment of the Board.

Increases in freight rates averaging 6% granted to railroads in the United States were made applicable in Canada to international, overhead and certain import, export and related traffic, effective August 26, 1957, by authorization of the Board of Transport Commissioners.

Negotiation of agreed charge contracts by means of which your Company is enabled to bid effectively for competitive traffic, resulted in 108 such contracts being put into effect during the year. The number in effect at the year end was 229.

Effective September 1, first class passenger fares were increased by 10% and coach fares by 5% with exception of commutation, transcontinental and certain special fares. Effective May 1, 1957, commutation fares in the Montreal and Toronto areas were increased by 25% over the levels in effect April 30, 1955. International sleeping car fares were increased by 7% effective January 1, 1957, and duplex roomette and parlour car fares in Canada were increased by 20% effective July 1.

Increases in mail rates of 7% retroactive to July 3, 1956, and an additional 4% effective from January 1, 1957, were granted by the Post Office Department.

Increases in rates on telegraph message traffic in Canada averaging approximately 11.4% were made effective October 16, 1957, by authority of the Board of Transport Commissioners.

Services

154 diesel units were purchased during the year — the largest number in any one year since the start of the diesel programme. These comprised 113 diesel-electric road switchers and 39 diesel-electric and 2 diesel-hydraulic yard switchers. The remaining steam locomotives in service on the Pacific Region were withdrawn during the year. An enlargement of the diesel maintenance shop at Calgary and a third stage of the diesel maintenance shop at Montreal were commenced.

New freight train cars placed in service totalled 4,884, of which 2,884 were box cars. In addition, 300 refrigerator and 365 automobile cars were modernized for traffic requirements.

Twelve new rail diesel cars were added to your passenger train fleet, bringing to 43 the number in service at the year end, and five new "Dayliner" train services were established.

The track replacement programme included the laying of 653 miles of new and relay rail, the installation of 1.8 million ties and the reballasting of 535 miles of track. Automatic block signals were installed on 84 miles of road, bringing to 3,214 the total mileage so equipped. Installation of a centralized traffic control system was commenced on that part of your main line between Montreal and Toronto that is single track.

Passenger terminal modifications were carried out at Calgary involving rearrangement of track and construction of new platforms, a tunnel and a signal tower. A new relay type interlocking system places the control of 59 power operated switches and associated signals under one operator to govern all train movements in the Calgary station area.

Two vertical lift bridges complete with signal interlocking facilities were under construction for the St. Lawrence Seaway Authority at the location where your railway line crosses the seaway canal near Montreal. Related work includes diversion of approximately half a mile of double track main line, and yard and station changes at Adirondack Junction.

In October your Company inaugurated a common carrier piggyback service between Montreal and Toronto. This service, which combines the advantages of mass movement by rail with the flexibility of truck operations at terminals, has proven very successful. There were increases in the tonnage of traffic carried in the coordinated rail-highway trailer-on-flat-car services operated by your Company in Eastern Canada and with your trucking subsidiary in Western Canada. A contract has been entered into for the acquisition of a 51% interest in Smithsons Holdings Limited, which company wholly owns Smith Transport Limited and a number of related companies in highway transport business.

During the year, 572 new manufacturing, warehousing and distributing businesses were located on or adjacent to the lines of your railway. Of these, 174 required industrial trackage and a total of 37 miles of sidings was constructed to serve them.

The constant endeavour of your Company to eliminate hazards and provide safeguards against injury continues to meet with gratifying results, and a fourth consecutive annual award for public safety activities was received from the National Safety Council in Chicago.

Work was begun on a freight traffic and communications building at Nelson, B.C., and on a building to accommodate communications and other departments at Winnipeg. Construction work continued according to schedule on the 17-storey, 400-room addition to the Royal York Hotel in Toronto.

The teleprinter exchange service, operated jointly with Canadian National and inaugurated as an international service in 1956, was extended in July to include the domestic field. An extension to the television network service, also operated jointly with Canadian National, was completed, linking Quebec City, Jonquiere and Rimouski, and bringing to eleven the number of stations served by this network.

Integrated Data Processing

All essential physical links for the mechanized handling of the paper work of your Company were completed early in the year and the first full scale applications of integrated data processing, using the new high speed electronic computer, were brought into effective operation across the system. Information required for operating, transportation, traffic, statistical and accounting purposes is now being recorded in mechanical form at 64 locations, transmitted over your communications network for processing on the computer in Montreal, and retransmitted, in processed form, for use by all levels of management. Plans were advanced for additional applications designed to contribute to more efficient operation.

Capital Appropriations

In anticipation of your confirmation appropriations amounting to $34.2 million, in addition to those approved at the last Annual Meeting, were authorized by your Directors during the year. These included $25.5 million for ocean steamships, of which $23.6 million was for your third new passenger-cargo liner; $2.4 million for additions and replacements to communication facilities; $1.7 million for seven rail diesel cars and spare components; and $1.3 million for construction of new trackage.

Your approval will be requested also for capital appropriations for the year 1958 amounting to $83.8 million.

The appropriations for rolling stock include provision for 117 diesel locomotive units and 2,350 freight cars, including 500 delivered in 1957 and under lease at December 31.

Officers, Employees and Patrons

Your Directors desire to express sincere thanks to employees and officers for the high quality of their services and to shippers and the travelling public for their patience and loyalty during the period of enforced suspension of railway operations in January, 1957, and for their patronage of Canadian Pacific services throughout the year.

For the Directors,

N. R. Crump,
President.

Montreal, March 10, 1958.

California

CONTINUED FROM PAGE 18

creeps into the higher elevations. By May it will have reached the little mountaintop town of Julian in the San Diego "back country" and the townsfolk carry out a 32-year tradition of gathering the best blossoms, some 2,000 varieties of them, and exhibiting them in the Town Hall. Flower lovers and naturalists come from miles around for the sight.

Orange blossom time started in mid-March and now is a time for excursions into the grove country. Anyone who has cherished an air-mailed sprig of orange blossoms can appreciate miles of green groves, hung with golden fruit, and fragrant with millions of waxy white blossoms. Groves spread over the valleys around San Bernardino where the National Orange Show is held, and Riverside, home of the parent Navel orange tree. Orange blossom perfume wafts in through windows of autos and sleeping rooms.

A curious sight to Canadian visitors who may have nursed small potted geraniums indoors through the winter, is the luxuriant growth of the flower in Southern California. Blooming the year round in big hedges, roof-high clumps and covering entire lawns, the geranium is one of the most common colorful flowers. Most beautiful of all varieties are displayed in a special Geranium Show at the seaside town of Santa Barbara in May.

Some of the most beautiful residential gardens in the United States are to be found in Southern California and two of the top garden areas throw their best open to the public for tours in April. These are Santa Barbara and the La Jolla section of San Diego.

Spring weather is normally balmy and clear with little rain and this is the time for outdoor festivals and dramas.

Comparable to some of the European music festivals is the Ojai Festival held May 23-25 in the beautiful little valley of the Ojai ("the nest") in the scenic Ventura County section, a short drive north of Los Angeles. The festival, centered on an outdoor bowl, is unique in being largely the product of community effort, residents joining in supporting the event each year and opening their homes to festival-goers.

Another Spring musical event is the Maytime Band Review held at National City on San Diego Bay May 3.

On the desert there will be a unique sports event, the Indio Sidewinder Jeep Cruise, a trek by hundreds of jeeps and four-wheel drive vehicles out onto the desert from the town of Indio which is the date-growing capital for this hemisphere. It starts May 17 with a parade of decorated jeeps weaving down the main street.

One of the top western rodeos with cowboys competing at roping calves, wrestling steers, riding broncs and bulls, will be held May 9-11 at Lone Pine at the base of 14,496-foot Mt. Whitney, tallest peak in the 48 states.

And as comic contrast, there will be a frog-jumping derby in April at the San Diego county fairgrounds beside the sea at Del Mar to pick the southern entry for a later California-wide contest. Last year's winner hopped 7 feet 10 inches.

Accommodations throughout the area are more plentiful in the Spring than during other seasons and the result is the best possible choice for the money.

Sales

CONTINUED FROM PAGE 20

job handler for the sales department.

Scarcely a major industry is without a senior executive responsible for sales promotion. Many companies set aside a separate department for the purpose. In such cases, the sales promotion man may be the one who is responsible for:

Sales education—through the preparation of sales manuals, training films, bulletins and programming of the sales school.

Sales equipment — presentation kits, sample cases, flip charts, other sales aids.

Sales conventions — arrangements, program, displays, publicity.

Product information — furnished for dealer magazines, direct mail campaigns, product announcements, catalogues and price lists.

Product promotion — improvements to, and finding new uses for, 'old' products, introduction of new products.

Sales contests — planning, administration, scoring, prizes.

In smaller organizations, the responsibility for sales promotion is often left with the advertising or sales department as a secondary role. Intensive demands of a concentrated sales promotional campaign can over-tax any facilities which are geared to cope with only the normal flow of work activity. Consequently, many companies, regardless of the size of their own sales promotion staff, rely on the assistance of independent sales promotion specialists. In addition to those offered by advertising agencies, there are a number of specialized services available from Sales Promotion Counsellors, Research Agencies, organizers of sales incentive contests and producers of various other sales promotion materials and programs.

One example of such specialists is Sales Campaigns Limited, whose business it is to plan and operate sales incentive programs, to suit the needs of a client company. Based on the principle of each salesman competing against himself and his own past performance, their campaigns afford everybody a chance to win worth-while prizes. Sales Campaigns Ltd. plans and administers the entire program, including the mailing of prize catalogues to salesmen's homes, staging kick-off meetings, maintaining enthusiasm with direct mail pieces, and delivering the prizes. While primarily used as a sales stimulant, incentive programs can also be adapted to stimulate production, improve safety records or to reduce absenteeism.

Companies which are alert to the benefits of sales promotion sometimes place special emphasis on one particular element of their merchandising.

For example, the Bauer & Black Division of the Kendall Company stresses the importance of point-of-sale displays in its sales promotion for Curad Plastic Bandages. Its success with the introduction of the colorful "Battle Ribbon" Plastic Bandages and the recent award in the Packaging Association Point-of-Purchase Contest are indicative of the results which can be achieved. To implement its campaign for 'Battle Ribbons', a complete sales promotion program was developed. It was built around two display units: one for counter use and the second, a floor stand. The Company decided upon a combination "Family-Pak" of the regular flesh-coloured Curads with a package of the Battle Ribbons banded to them. Also attached was a premium offer to appeal to children: a choice of several prism-like plastic pictures, specially designed to produce the effect of moving pictures. This 'Family-Pak' was marketed at a special price, and the program received the support of regular mention on the company's television spot announcement.

Some organizations rely on variety in their sales promotion and one outstanding example of this is Loblaw Groceterias. Its activities have ranged from the use of trading stamps, premium certificates, cash register tape premium plans, to contest promotions in their newspaper advertisements and special activities associated with their new store openings.

One of the most consistent users of sales promotion is the Parts and Accessories Division of the Ford Motor Company of Canada.

Their program is designed to increase the sale of Ford "Power-Matched" mufflers. Known as the "P-M" — Planned Merchandising program, it is scheduled to run for a two-month period: it began March 3 and ends April 30. Elements of the plan were selected to win the attention and interest of Ford dealers and their salesmen, their wholesale accounts and the ultimate muffler buyers as well.

Introduced to the dealer organization by mail, the plan was described in a colourful, jumbo-size folder. For added appeal to the dealer, an extra "Profit Making" discount was offered in return for placing a qualifying minimum order for 50 "Power-Matched" mufflers. For convenience, a printed order form was included with each mailing.

Enclosed with this descriptive folder was a quantity of appropriate promotional material in the form of window streamers, posters and handout folders, all stressing the "Power-Matched" muffler story. As a reminder of the selling features of the mufflers, a Product Sales Guide was also furnished. Then, for the dealer to record individual sales results, and to stimulate competition among salesmen, a Sales Progress Chart was included with the mailing, to be posted for salesmen to see.

Ford also made suggestions to their dealers on ways to interest wholesale accounts in buying more "Power-Matched" mufflers. As purchases were made by wholesalers, it was recommended that quantities of the streamers and handouts be passed along to assist them with resale of the muffler units.

The folder also described the "Parts and Merchandise" incentive plan through which salesman would win prize awards, based upon their sales of mufflers. The basic prize award plan is fully paid by the Parts and Accessories Division of Ford, but an additional "Double-Up" plan, permitting increased prize awards to the salesmen, is made available to each dealer on a 50/50 split cost basis.

A major advertising campaign supports this "P-M" programme. All leading trade publications, for the month of March, carried feature advertisements on the "Power-Matched" mufflers. Then, on April 7, the principal metropolitan newspapers across Canada, carried large advertisements designed to reach the bulk of the consumer market. To complete the coverage, consumer magazines carried advertisements in their April issues.

This is an excellent example of the type of integrated sales promotion effort which produces the most satisfactory results. Preliminary reports show that this "P-M" program is selling substantial quantities of "Power-Matched" mufflers for the Parts and Accessories Division of the Ford company.

Watson-Watt

CONTINUED FROM PAGE 17

taking full value for their money out of me. There was a relapse into a too-comfortable state, not only in science for war but in science for peace."

Then came the battle of what he calls "blood-red tape", before the Royal Commission on Awards to Inventors. Sir Robert has now reopened the old battle wounds with surgical precision.

Did he really "invent" radar? Is he a conceited man stealing credit for the work of others? Has he a chip on his shoulder?

Many people claim to have discovered the principle of radar. In 1900, Nikola Tesla wrote that the reflection of radio waves might be used to determine "the position or course of a moving object such as a vessel at sea."

In 1903, Christian Hulsmeyer, of Dusseldorf, patented a system by which ships could locate one another by receiving echoes from radio waves.

Marconi made a similar proposal in 1922. In that year an American, Hoyt Taylor, turned radio beam on ships on the Potomac.

Canada's General Andrew MacNaughton thought of a radio-locating device on a train between Montreal and Ottawa in

1921. He was granted a patent in 1925.

Between 1922 and 1936, Watson-Watt admits, there was an "unconscious race" between his team and American scientists. After this "the Americans messed around for a long time."

In his book (which will be completely revised for the U.S. market) he examines the attack on Pearl Harbor and concludes that if the U.S. Navy had shown a little faith in Britain and radar they could have stopped the Jap bombers.

Private Elliott, the radar operator who saw a mass of approaching "blips" on his scope could have given an hour and a quarter's warning that quiet Sunday morning. But he was told "forget it." He tracked the bombers on their way home after the attack. But again nothing was done.

Watson-Watt claims that the early devices to register reflected waves were not radar. Radar was the complete system of finding and computing the height and position of an aircraft.

Did he produce the first working radar?

He replied mildly: "The U.S. Signal Corps would only admit this under protest, but the great body of opinion on both sides is that my British team were the first to produce an operationally useful radar system."

The chief witness against Watson-Watt was, and is, Sir Edward V. Appleton now principal of Edinburgh University.

Last month Appleton was quoted as saying: "The poor fellow is always on about credit and never seems to get enough."

Sir Robert commented on this: "Appleton considered himself to have done the first work on radar. He did the most beautiful work on the ionosphere and got the Nobel prize for it. But . . . he chose to appear before the Royal Commission and deny me credit even for technological advances. In the book I had to indicate that this is what will happen to someone who doesn't remember himself and doesn't say anything for himself."

The archboffin's jolly Pickwickian cheeks still tighten as he recalls his days as "spokesman for the modest men."

"Two witnesses against me gave accounts very far from the truth, the whole truth and nothing but. This, I now see, has distorted the balance of my book. If I were doing it again I might put it in a different shape—but I would still have to put down what I know about the steps in the process."

Has he a chip on his shoulder? Pickwick returned with a grin. "I really don't believe the chip exists," he said. "I am a ridiculously happy man."

The archboffin in the flesh certainly looks the model of a happy man.

At 65, he carries his chubby five foot six inches with the sprightliness of a man 15 years younger. He speaks with the soft purr of Brechin, the Scottish cathedral town where he was born—a descendant of James (Steam kettle) Watt.

His modesty and shy humor in conversation contrast with his flamboyance in print, where he splurges metaphors in profusion and never misses a pun—be it a French, German or Latin pun. The link between the archboffin's two moods is provided by the Duke of Wellington, whom he quotes extensively when he makes large statements.

On the discovery of radar, for example . . . "By God," (said Wellington) "I don't think it would have been done if I had not been there."

His home is the creation of his second wife, Jean, a Thornhill widow whom he married in 1952 after divorce from his scientist-collaborator Margaret. A large red-sided ranch home with a magnificent leafy view, it was designed to house Jean's collection of early Canadian pine furniture. Some of the interior woodwork came from the old St. Lawrence market in Toronto. The rosy glow of the large fireplace stones is maintained by regular washing with buttermilk.

Describing his attractive wife, the archboffin mingles romance and technology—"Even as she walks along the village street, Jean sheds a radiance which is also a re-radiance . . . she has, in fact, a kind of spiritual secondary radar . . ."

He still maintains a town house in London, but spends most of his time between Thornhill and Adalia in Montreal. There he has assembled a battery of 40 scientific brains to advise on physics in industry and electronic computing. They include executive vice-president Joseph A. Richards, a Montrealer who worked with him in wartime Britain. It was Richards who installed the first H2S set, which gave bombing crews a radar map of their target areas and opened the way to pinpoint bombing. "Richards' desire to come back to Montreal influenced me to come over here," said Watson-Watt. "Of course," he added precisely, "my Canadian wife and the fact that I have two Canadian-born step-children were the determining factors."

Was he not slightly fed up with things in Britain? "My feelings were difficult to assess." he began—then added flatly, "yes, I was fed up."

When he first arrived in Canada, Sir Robert was appointed chief advisor to the National Defence Research Board on radar matters. This arrangement lasted only a year. Neither side was very happy.

Sir Robert will not say exactly what went wrong or criticize present Canadian radar. "But," he added, "a magazine article in which I was modestly described as 'the man who won the war' didn't please some others who might also have had something to do with it."

The archboffin began his work quietly in Canada. Apart from a few lectures to professional groups he was seldom seen. He had noted there was a great deal of useful knowledge left over from the war which had not been applied. He started to apply it rather than look for new inventions. But in the brisk air of Thornhill ideas came to him which interested the U.S. government.

In 1953 he attended a scientific conference in Budapest. The Russians invited him to visit Moscow. He turned this down because of possible difficulties with the U.S. State department.

In October, 1954, a tiny event put him back on the front pages. It could have happened to anybody. It happened to him. Driving through Port Hope he was caught in an Ontario Provincial Police radar speed trap.

"You may be interested to know that my husband was knighted for inventing radar," Lady Watson-Watt told the cop.

"I don't know who invented anything," he replied. "I know you were driving at excessive speed—$12.50."

An anonymous poet commented:—

O Frankenstein who lost control
Of monster-man created whole,
With fondest sympathy regard
One more hoist with his own petard.

Sir Robert believes North America may be hoisting itself with its own petard—productivity—in the race with Russia.

"A large amount of our productivity is good but not necessary," he says. "I believe the Russians are already overtaking the world in engineering production and technological skill as well as in pure science."

The Russians, he says, have found a blend of quality and quantity in their industrial production plants which is very attractive to the countries of Asia and Africa. It is more urgent that the West match this than find an answer to the ICBM.

"An answer will come if we are prepared to pay for it," says the veteran of a thousand research budget wrangles. "A shell always produces armor-plate."

Sir Robert still attends the annual dinners at Claridge of Lord Beaverbrook's "1940 Club", the men who worked with him in the wartime Ministry of Aircraft Production and fought his private war with the "bloody Air Marshals."

His relationship with the Beaver began with a row when he was told to stop radar development, but continued happily.

Despite the interest he and Richards find in their present business—"and we're both in it primarily for fun"—he feels nothing will match the fun of pioneering radar.

"It was," he says, "a unique opportunity and, if I may be pompous for a minute, a unique privilege."

But the archboffin bristles at a statement in the British *Daily Worker* that he has retired "into a Canadian sunset."

"To quote the Duke of Wellington," he says, "Damn the sunset."

Americans

CONTINUED FROM PAGE 13

what can only be thought of as the ultimate summit conference — no words can tell. The phrase is, by definition, meaningless.

Senator Johnson is no fool, however, at least in political matters. When he talks nonsense, it is because that is what the tide is bringing in. His colleagues in the House of Representatives showed that sense was the last thing that was required when it came to thinking about space. When they wanted information on the subject, they did not, as Professor Vrey rather tartly pointed out, send for the people who had been thinking about it and doing research on it for years, the astronomers, astro-physicists, and space meteorologists—not on your life. The witnesses sent for were the hired consultants and the technical staff of the contracting firms who are jostling for contracts for space hardware. They also sent for the square-jawed, hard-headed, practical, military men who knew that the sky is full of stars, and of careers. The public, with a second Sputnik overhead, didn't want sense; they wanted action, and these people, not the eggheads, were the inhibition-free chaps to get the show on the road.

Apart from the fact that it is 240,000 miles away, the other advantages of the moon as a military base are less obvious. It has virtually no atmosphere, and absolutely no water. Where its surface is not bare rock, it is covered with dust so fine that it flows like water and lies about in pools which are likely to be several thousand feet deep in places. A space ship or any other solid object sent to the moon will sink straight to the bottom of these dust pools if it lands on one. The temperature varies on the moon's surface between a high of about 200° above and a low of about 300° below zero. Its advantages are on a par with its attractions. The promoters working for Convair, the branch of the General Dynamics firm that wants the contracts for the job, estimate that they can put a rocket onto the moon for $100 million dollars. They think they can put a box containing a set of research instruments and transmitters down on its surface for $2,000 million. The cost of setting up an observation base that would be able to fulfill the simple reconnaissance function of watching weather developments on the earth, would be about a hundred times as great. Soldiers are, however, dreaming of more than simple reconnaissance. A Brigadier-General Boucher who is not at present under restraint, but who is still Number 2 in the army's research and development section and considered responsible for his actions, is currently talking of the moon as the ideal retaliation base. It is a good idea, he thinks, to set up rocket batteries on the moon which will be able to shower destruction on any part of the earth. He is not worried about any of the problems involved, least of all by the lack of atmosphere around his dream base. He proposes to crush the rock of which the moon is made, in order to extract the air trapped in it.

The military are not, however, thinking of crass material things like that and they leave the wider aspects of moondoggling to the civilians. There is, as everyone knows, a mystique to soldiering and the boys in the flat-topped hats are thinking of something purer and more refined altogether, of the almost abstract conception of how much room there is at the top. Beyond the moon lie the planets—that is to say, that beyond tactical space lies strategic space. The possibilities are, indeed, infinite and once they are fully realized, there is nothing to be afraid of—even peace with Russia—somewhere out there beyond the confines of the solar system, perhaps even in another galaxy, there may be lurking the ultimate enemy. You never know—and after all, no price is too high to pay for security. Thinking along these lines makes the Pentagon with its petty global concerns seem a very confined and cramped little affair, with something parochial about it. Even the hats worn by Curtis LeMay and Norstrad seem small when one thinks of the possibilities of TACSPACE, the moon and earth approaches command, and OSSCOM (planetary and possible galactic defense). One can understand and sympathize when men in their forties and fifties like Generals Gavin and Trudeau call on the American people to bring a sense of urgency into their consideration of space plans, and tell them to make sacrifices to bring them about. In ten years it may be too late—it may indeed.

The hardware manufacturers are just as keen to sling military men into the void as the generals are, and for the same reason. Readers will have noticed some manly stuff in the editorial columns of *Life* and in the news sections of *Time*, and elsewhere, deriding the Civil Aeronautics Board for its fuddy-duddy policy in refusing to sanction rate increases of 15% for the domestic airlines. The story behind this is simple in its general outlines. In December, 1957, the hard-headed businessmen who run the airlines had signed orders for 340 passenger aircraft, and were about to sign for 112 more. The sum they had committed themselves to pay for these machines amounted to approximately $3,000 millions. That is to say, that in a year of sharply falling receipts, the airline managements had been planning capital expenditure equal to 30 times income in their best year of record—1956. This, coming on top of the realization that the manned bomber (at $8 million a throw) is on the way out, has convinced the industrial men that their future lies in a larger field than the world has to offer. The pie, from now on, is in the sky, and little more than chickenfeed is to be picked up at ground level. In a few short months, considerations such as these have transformed what should have been man's most stirring and splendid adventure into a squalid raid on the public funds.

Peace or Suicide?

CONTINUED FROM PAGE 11

wash and to issue a manifesto declaring that a third world war employing nuclear weapons would constitute a disaster of appalling proportions, with aggressor and defender going down in ruin together. On their return to their native lands, they moved swiftly and diligently to place the Pugwash manifesto in the hands of their colleagues.

The Science Council of Japan devoted much of its annual meeting to the Pugwash proceedings, and adopted a resolution placing its component societies and their 25,000 members squarely on record as endorsing the Pugwash findings in their entirety.

Twenty leading German scientists reviewed and approved the Pugwash manifesto. Their consensus was that settlement of political disputes by force was no longer possible, and would be suicidal. They saw slight prospects for survival of the human race if the armaments race were not stopped.

Most surprising and most promising of all was the report from Russia. First the Presidium of the Academy of Sciences of the USSR met and officially ratified the Pugwash manifesto. Then 195 leading Soviet scientists called in writing for a further meeting of scientists of as many nations as possible at any time in any place to work for world peace.

When the Russian declarations reached the United States, I made the statement, in a New York *Herald Tribune* interview, that I thought the Russians meant what they said, and I proposed that we meet the Soviets half way. The statement was picked up by the world press and it has produced an amazing response. Approving letters have been pouring in every day from people in all walks of life in every part of the globe. One day's voluminous mail, which included letters from six Nobel prize winners, contained this typical comment from Dr. Albert Schweitzer, world-famed humanitarian and Nobel peace prize winner: "I attach great importance to the fact that the proposal of the Soviet scientists goes back to your meeting of international scientists at Pugwash last year."

What gave Dr. Schweitzer the greatest encouragement was that this meeting of

scientists from both sides of the iron and bamboo curtains was held in the western world, where the war spirit has assumed mounting strength. He found it gratifying that the Russians and the Red Chinese could and would come to Pugwash, and that they agreed without reservations to the Pugwash manifesto. I need not remind you that Canada played host to this momentous meeting.

As last summer's international meeting of nuclear scientists drew to a close, a Permanent Pugwash Committee was set up. The Committee met in London toward the end of December to lay plans for a second and somewhat larger conference in the near future. Where last summer's participants met to consider nuclear problems strictly from the scientific standpoint, those who are to gather soon will strive to reach agreement on practical suggestions that can be offered to the statesmen of their nations for breaking the present stalemate. This second meeting cannot be held at Pugwash because our buildings there are equipped only for summer use, and lack central heating. There is good reason to hope that the new conference will be convened in Canada, however.

Inasmuch as the statesmen have consistently lost rather than gained ground since World War II ended, I find reason for optimism that the scientists of the world are willing to apply themselves to the practical aspects of the revolutionary discoveries they have made. They understand fully the unspeakable destructiveness of the new weapons, and they are imbued with an increasing sense of social responsibility for finding the way for mankind to escape from the present grim path that points but to death.

There is special reason for optimism, I feel, in the tremendous concern of the Soviet scientists to find the road to world peace. Of all segments of Soviet society, I firmly believe that the intellectuals, particularly the scientists, carry the greatest weight with their government. With the Russian intellectuals lies the likelihood for enlightenment and amelioration of the harshness of the Soviet system. Let us not forget that Russia — and Red China, too — embraced communism in order to obtain more of the material things of life for their vast impoverished and unlettered masses. Besides realizing fully the deadly nature of nuclear weapons, the Soviet scientists certainly know that their nation's standard of living could be markedly improved if it were not necessary to engage in the production of these instruments of destruction.

As far as Canada is concerned, I believe she can play a highly constructive role by using her considerable influence to persuade both the US and USSR to reach some reasonable concert. The cities of Canada will be in the front lines of an intercontinental nuclear war.

Unemployment

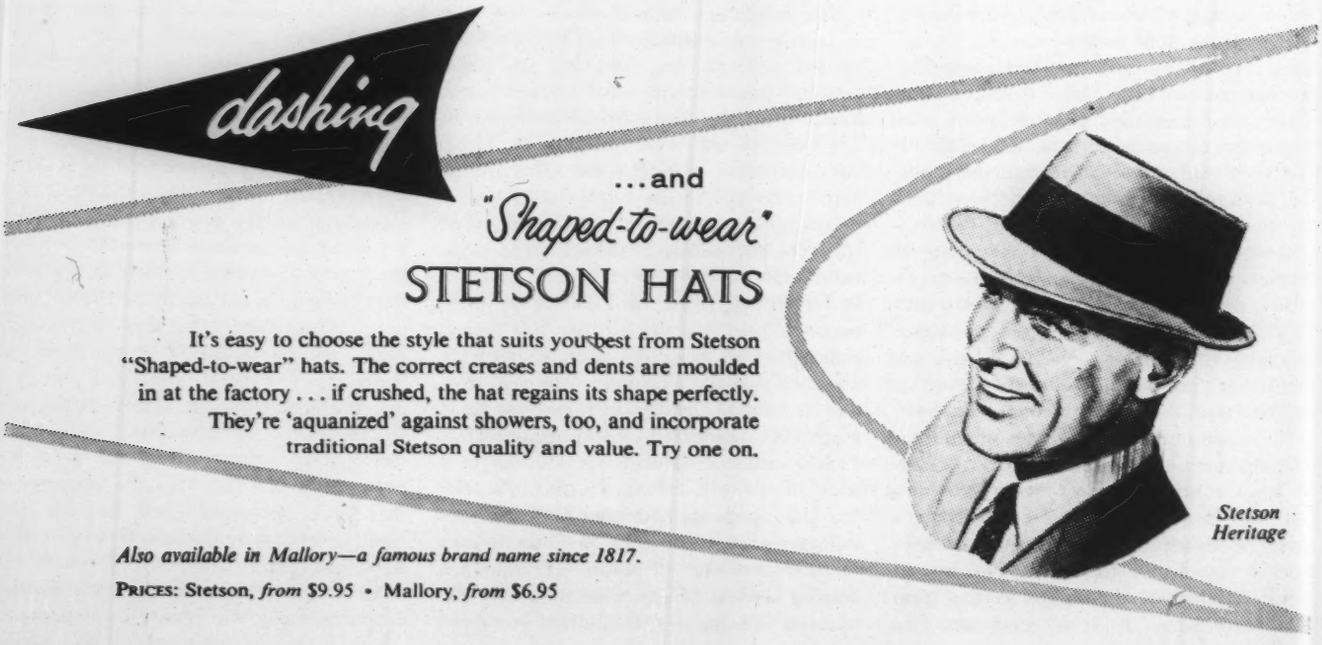
CONTINUED FROM PAGE 9

We may be skeptical, therefore, of the results of the 1% survey of the labor force, even if the sample is faultless. But there is reason to doubt the adequacy of so small a sample. The room for statistical error is enormous. Perhaps correct at one point in time, it would be an easy thing for this tiny cross section to become skewed by events. The sample could produce a result either too high or too low without reason and without warning. Even if the survey is only out about 60,000 once in 20 times (as is claimed by the statisticians) the reliability of the method is open to question.

In addition to the sample survey, there are two other measures of unemployment. Neither of these is regarded as satisfactory, since each is intended to measure something else. The first of these is the live register of unemployment claimants. This could not be more specific. It is a factual enumeration of those who are without work and who think they might be entitled to unemployment insurance benefits. Officially, this count is described as "A count of all unemployment registers in the 'live file' at the close of business on the last working day of the month, and used as a measure of recorded unemployment among insured persons at a point of time".

One criticism levelled at this statistic is that many people who are not actively seeking work are included. There are all sorts of reasons why a person might seek unemployment compensation and yet not be actively seeking work. Not least would be the futility of looking for a job when the chances of getting one are about nil. However, whether a person wants a job or is quite content to exist on the benefit payment is neither here nor there. The fact of the matter is that each claimant is potentially employable but has no productive work to do. If this isn't unemployment, what is?

A legitimate criticism can be levelled at this measure, however. Since unemployment insurance is available to only slightly more than 60% of the labor force, a large number of workers are not covered. Obviously, some of those excluded may also be unemployed. It seems reasonable to say that unemployment insurance claimants is an inadequate measure of unemployment because it is too small, it leaves some people out.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The third measure of unemployment—and usually the largest by a considerable margin—is the job applications at the local employment offices. This number generally has been regarded as too high. It is said that there is a double count, since it includes a number of persons who are simply seeking to switch from one job to a better one. Of course, there would be some such double count—but far from being large, it is more than likely exceedingly small. What is more, this would tend to diminish as job opportunities became scarce. Those with jobs would be a little less dissatisfied — more anxious to hang on to what they have when alternative employment is hard to find.

If anything, applications for employment probably understates the total number of Canadians who are without work. Some—quite a few—people are too lazy and too confused — too forgetful or too indifferent—to make the necessary application. This is especially so when things appear hopeless. Further, even among the conscientious there may be oversights, since an application must be renewed at regular intervals. In the absence of a renewal every 14 days, the application is struck from the record.

The results of these three statistical measures reveal a considerable margin of difference:

	February 1958	
Source of Data	No. in 000's	% of the Lbr. Force
Without jobs—seeking work (1% sample)	555	9.5
Unemployment ins. claimants	835	14.2
App. for employ.	854	14.6

Several things should be apparent. First, there is no comprehensive or accurate estimate of idleness among Canadian labor. If 835,000 persons are claimants for unemployment insurance, the total number in the labor force who are idle must be considerably in excess of this, possibly in the vicinity of one million. Secondly, contrary to authoritative comments in the press, unemployment in Canada is indeed a serious problem. It is well nigh fantastic that politicians should have attempted to disguise this fact. To suggest that a discussion of the problem would damage the economy is unintelligible. Thirdly, from a practical point of view, if we are to meet the problem effectively, then we need a realistic and accurate estimate of its size.

There are two basic approaches to unemployment: one is to stimulate demand, and thereby create more work; the other is to draw off some of the surplus labor by providing alternative opportunities.

Consumer demand can be stimulated in a number of ways. Some are direct and their effect immediate; others take time to produce significant results.

One of the most effective stimulants would be lower sales taxes. This permits immediate price reductions to the consumer. His income then goes further—he can buy a little more with the same pay cheque. Thus the volume of demand may increase and business improve. The same effect can be achieved through subsidies; these would have special advantages for domestic industry where foreign competition is a consideration. The subsidized local product would become cheaper and more competitive.

Income tax cuts, too, will increase buying power. In the case of personal income tax reductions, however, there are other considerations. Firstly, this concession goes only to those who pay income taxes; it gives nothing to the many people whose incomes are very low, and who therefore have no income tax obligations. Secondly, it is desirable that all except the very poor should pay some direct tax on income and thus bear a part of the cost of government. Thirdly, progressive tax rates are such that a drop in income automatically brings a relatively larger drop in taxes. With these considerations in mind, it may be unwise and unnecessary to tamper with personal income tax rates as a demand stimulator.

At the corporate level, a tax reduction can be important. It would tend to stimulate investment. Lower tax rates would permit a higher net profit and thus certain marginal projects would become economic. Increased investment means more jobs and therefore more income for workers engaged in such projects. But the effects are indirect and take time to produce results.

Another indirect stimulator is governmental deficit—that is, expenditures in excess of revenues. When taxes representing claims on goods and services fall short of government spending, then new income is created. Although the methods used to finance a deficit are important, the directional effects are bound to be expansionary.

Government spending on special projects too can create income and employment. For instance, highways, waterways, and similar projects may add importantly to a nation's capital resources and at the same time lessen the dead weight of idle labor. When labor is abundant, national projects may be promoted even though the economics of the ventures are doubtful.

Additions to demand can be created through expanded social security programs. When business is slack and some resources idle — that is surely the proper time to take programmed steps in new social legislation. The emphasis here is on the programmed aspect; to burst forth with new distribution of largess having no relation to economic capabilities would be to saddle the economy with burdens that could be damaging and retard revival.

Election

CONTINUED FROM PAGE 15

Sir Wilfrid Laurier, for instance, assumed power with the provinces solidly Liberal. By 1905, Ontario had turned over to the Conservatives; other provinces fell one by one, and in 1911, Sir Robert Borden swept the country.

The long Liberal reign between 1935 and 1957 was threatened in the 1943-44 period, when a number of provincial governments turned over: Ontario went Conservative, Saskatchewan CCF, Quebec for Mr. Duplessis' Union Nationale. The trend was apparent in the 1945 federal election when the Liberals reached their lowest ebb of 125 seats. A new platform, postwar welfare legislation, and a new leader in the person of Louis St. Laurent returned them to another lease of power from 1949.

But the historic — and apparently irreversible — drift in the provinces began again in 1952, when B.C. went Social Credit and New Brunswick Conservative. The 1956 provincial elections put Nova Scotia into the Conservative column, and confirmed the anti-Liberal trend in B.C. In 1957, the Conservative party took office in Ottawa.

Political scientists have suggested that Canadian voters feel happier when provincial governments can go to Ottawa with the perennial demand for a better tax and revenue deal as opposition groups, not bound by political party ties.

Whether or not this is the reason, it is a historic fact that almost as soon as a party assumes federal power, one or more provinces begins to fall away. When a majority of the provinces are in opposition, the provincial organization obviously begins to have an effect in federal campaigning. The result has in the past swept the opposition into Ottawa, and then the cycle begins again.

The moral would seem to be for any opposition party to organize the provinces first; if history does, indeed, repeat itself the road back is clear. On the other hand, as in 1925, a federal party has fought the trend successfully. By that date, the Liberals had lost key provincial governments in Ontario, New Brunswick, Nova Scotia, and Prince Edward Island, the first three of which have always been indicators of a federal turnover.

Mr. King went to the country on the constitutional issue and was triumphantly returned to power.

The 1958 election has left no doubt about the Conservative hold on federal power for the next four years. In subsequent future may well be written in the provinces, and the first round of new political battles will shape up in the provincial elections due in 1959-60.

Editorials

Start of a New Era

THE STUNNING Conservative victory in the March 31 general election has been described as the beginning of a new political era in Canada. That is an exaggeration. The national vote of confidence given the Diefenbaker administration made political history, but it will make a lasting impression on the structure of Canadian politics only if John Diefenbaker and Lester Pearson handle the responsibilities of leadership with the greatest intelligence and restraint during the period between now and the next general election.

The splinter parties have been virtually destroyed. The destruction can be completed, to the lasting benefit of national politics, if the Conservative and Liberal leaders handle their policies and parties with skill. Mr. Pearson in particular can do much to bring about this much-to-be-desired result.

In the election campaign the Liberal leader described his organization as "a party of the left". He is quite right. The rapid decline of the Liberal party came after its old leaders forgot or misunderstood the bent of its philosophy. There is no reason why, if Mr. Pearson can put meaning back into Liberalism, the party should not absorb the remnants of the CCF.

Mr. Diefenbaker's great problem, of course, is the one posed for him by his party's overwhelming majority in the Commons. The Conservative leader and his ministers must exercise the greatest willpower and restraint to keep themselves from using their numerical superiority to make a mockery of Parliament. The majority is a pitfall; it trapped the Liberals, and could trap the Conservatives. If there are too many Tory swelled heads, the result will be not only poor government but a return to sizeable protest votes garnered by splinter groups and the loss of the new strength gained in Quebec and the western provinces.

The Quebec vote was the most interesting of all the provincial results. It restored the two-party system to that province after a lapse of 50 years. Its potential importance for national unity can scarcely be over-emphasized. But it will take all of Mr. Diefenbaker's statesmanship and political acumen to realize that potential.

The Missing Ones

TWO MEN died within a few hours of each other three weeks ago. One was Mike Todd, a theatrical personality, and the other J. V. McAree, a newspaper columnist. Todd's death got big headlines and McAree's small ones in Canadian newspapers, which is not surprising considering Todd's flamboyant life and death. Yet if a man's worth is calculated by such values as personal integrity, intellectual courage and good influence on those around him, there is no doubt that J. V. McAree was by far the greater man of the two.

Mr. McAree had a full, productive life and doubtless he met death with equanimity and few regrets. But to those who knew him, either as a friend or a writer, there is a little less sparkle in daily living because he is no longer here.

The New Dictator

NIKITA KHRUSHCHEV has emerged as the undisputed boss of the Soviet Union and the uneasy period of Communist collective leadership is ended. The end came as no surprise, after the skillful way in which Khrushchev went about eliminating one rival after another; the question was simply one of time, of how fast he would proceed with the process of liquidation.

Khrushchev now heads both the state and party apparatus. He has the power that was Stalin's. But too much is being made of the parallels between Stalin and Khrushchev. The power is the same, but the Communist empire ruled by Stalin is not the same as the one dominated by Khrushchev. In the years since Stalin's death, important changes have taken place within and without the empire, and there has been a subtle but significant change in the social texture of the Soviet Union itself. The new dictator is largely responsible for the differences.

In the "thaw" that followed Stalin's death, the minds of the Soviet intellectual elite also felt the warmth of the faint new fire of independent thought. The men in the Kremlin quickly banked the fire to prevent any rapid flame of intellectual freedom to burn away the discipline of Communist society, but permitted it to flicker enough to kindle a creativity that has stirred Russian minds in the arts, sciences and industry.

Out of this stirring of Soviet thought, too, have come more flexible and imaginative foreign and trade policies — much more dangerous, over the long term, than were the more rigid policies of Stalin. Indeed Khrushchev emerges as a more formidable opponent to the West than Stalin ever was. If he can control and direct the release of Soviet intellectual energy, there will be no doubt about his menacing stature.

ANSWER TO PUZZLER

Ted's mother was 35 years old; her father 58.

Who's the Boss?

THE NEW Government must immediately come to grips with the problem of U.S. economic imperialism in Canada.

It is no longer a matter of vague generalities, of confusing statistics, of argument and counter-argument. The problem has been specifically defined by the embargo placed by the U.S. Government on exports to China, extending to exports by subsidiaries in Canada of American companies: China was ready to take a thousand automobiles from Canada, but the U.S. stopped the sale because the parent auto companies are in the U.S.

The car manufacturers cannot be blamed. The parent companies must abide by the laws of their country, and Canadians, of course, have no grounds for the disputing of the right of the U.S. to pass its own laws. But Canadians can certainly cry out when those laws directly affect not only Canadian Government policy but also the jobs of Canadian workers.

Canadian Governments, Liberal and Conservative, have not looked on China with the holy horror that has influenced U.S. policy. We have taken a more realistic attitude; China exists on the mainland of Asia, not on an island, and it has an effective Government in being. Only deference to the United States has prevented Canada from taking the logical step of officially recognizing these facts. But this deference cannot be permitted to deepen into subservience, and that is what will happen if Canadian trade policies can be manufactured in Washington.

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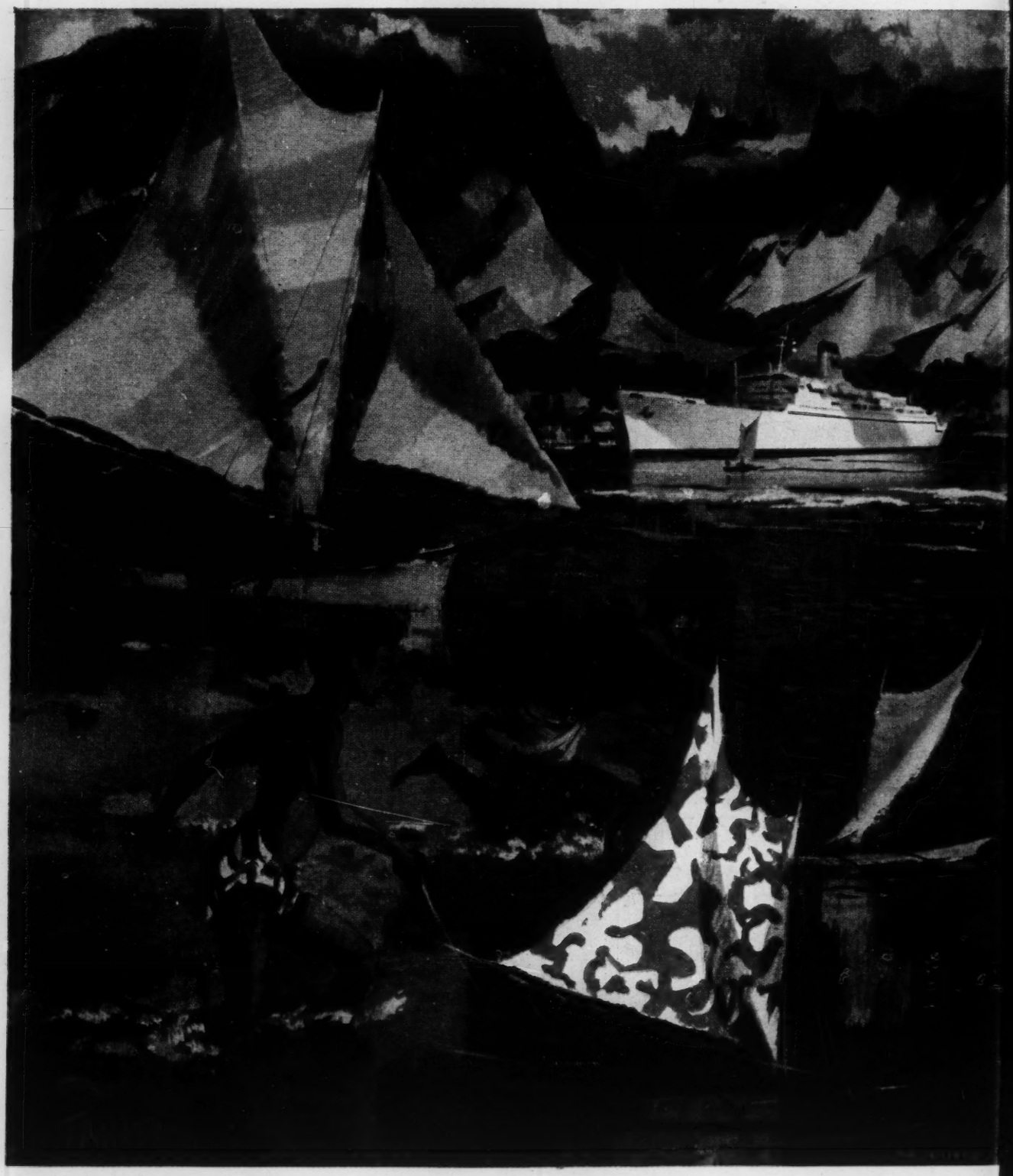

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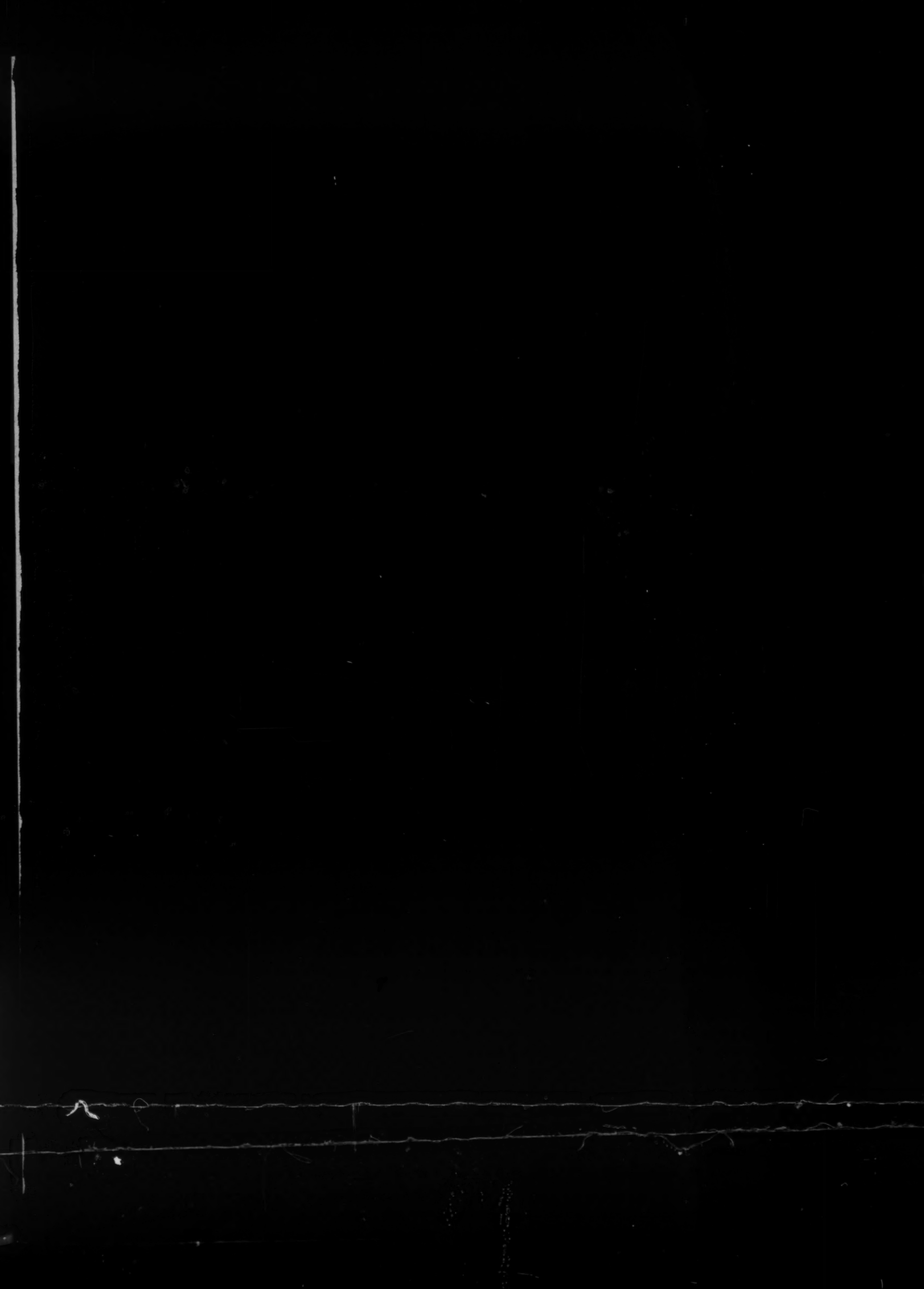
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